Daily Report

Central Eurasia

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Central Eurasia

FBIS-SOV-95-115 *15 June 1995*

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Halifax G-7 Summit Previewed

Intentions, Prospects Weighed

MM1406153895 Moscow IZVESTIYA in Russian 15 Jun 95

[Article by Aleksey Portanskiy: "Warm Reception and Tough Questions Await Yeltsin in Halifax"; from the "Financial IZVESTIYA" section, page I]

[FBIS Translated Text] President Yeltsin will be arriving in Halifax 16 June to take part in the latest conference of G-7 leaders. By then the main economic part of the meeting should be over.

The G-7 leaders will concentrate their main attention on the first day on the most important economic questions for them. Employment and unemployment will be paramount among them on this occasion. It was these problems which were pivotal in the election campaigns waged by two recently elected G-7 leaders — Canadian Prime Minister Jean Chretien and French President Jacques Chirac.

The G-7 will examine their relations within the framework of the World Trade Organization, which is replacing GATT, and also ways of improving the mechanisms of the World Bank and the IMF to avoid unforeseen crises like that which occurred last winter with the collapse of the Mexican peso. Nor will questions of aid to East Europe and the Third World be forgotten.

While it became a full member of the political G-8 in Naples last year, Russia remains outside the economic sessions of the summit, which undoubtedly limits the scope for achieving its set objectives.

"Economically speaking, the situation may now be regarded as seven and one-half," Aleksandr Livshits, the Russian president's economic aide, told Financial Izvestiya just before the Russian delegation set off, "from the economic standpoint, the G-8 has not yet come into being, and that is disadvantageous to us at present, because participation in it implies assuming full responsibility for the world's financial and economic problems."

Thanks to the Canadian side's efforts the format for Russia's participation in the present summit is a little broader than at the previous one: Whereas in Naples Boris Yeltsin took part only in the political session, in Halifax another two events are envisaged for our leader — a working dinner on the day of his arrival and a working lunch on 17 June. It is expected that provisions "reflecting Russia's interests" will figure in the final statement.

In Halifax Moscow intends first and foremost to raise the question of the long-term restructuring of the former Union's foreign debt to its main creditors. This involves deferring for approximately 25 years the payments to the Paris Club, the debt to which amounts to $35 billion. If such an accord is reached Russia will obtain the opportunity to apply a similar scheme in its settlements with other creditors, that is to say, to resolve the question of the bulk of Russia's debt, which amounts to $130 billion as of 1995.

Such an agreement has not been reached directly at talks with the Paris Club yet, which, in Vice Premier Oleg Davydov's opinion, is connected with the wait-and-see stance of the major creditors and with the forthcoming Russian elections and a possible change of government.

The Russian delegation will again raise the question of Russia's membership of the Paris Club as a creditor country because of the vast debt owed to it by Third World countries (the theoretical figure is $140 billion). The solution of this question would enable Russia to participate on equal terms in resolving problems of the restructuring of those countries' debts in a way that takes its interests into account.

Equitable participation in world trade is another vital question for Russia which, as is well known, is in the process of joining the GATT/World Trade Organization. Here, according to authoritative experts from our delegation, the West should finally adopt a political decision on nondiscrimination against the Russian economy. Specifically this means that it must stop considering our economy non-market by using the term "transitional" and must then lift all the one-sided barriers and restrictions on trade.

However, there is little hope of such a radical step from the West today. The war in Chechnya remains the serious obstacle to that. It has emerged from recent news agency reports that Canadian Premier J. Chretien, who is chairing the meeting in Halifax, intends to put the question of the Chechen crisis to President Yeltsin straight away.

Yeltsin: No Promises on Iran

MM1406150295 Moscow IZVESTIYA in Russian 15 Jun 95 p 1

[Report by Konstantin Eggert: "At the G-7 Meeting Yeltsin Will Defend Not Only Russia's Interests But Also Iran's"]

[FBIS Translated Text] On the eve of the meeting of the G-7 leaders and the Russian president in the Canadian city of Halifax the question of Iran's nuclear program has appeared on the agenda again.

At a press briefing a Canadian Foreign Ministry spokesman announced: The Western leaders would

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like Boris Yeltsin to promise on Moscow's behalf to do nothing which would promote the development of Tehran's military-oriented nuclear research.

On Smolenskaya Square it has been confirmed that discussions on this subject are going on. "The final political statement that the heads of the G-7 countries and Boris Yeltsin will sign contains some very slick [obtekayemyy] phrases about the Iranian nuclear program," a well-informed Russian diplomat said. "However, the president does not intend making any public promises." According to our interlocutor, the United States has recently been trying to persuade the remaining G-7 participants to adopt a separate statement on the West's behalf which would openly accuse Iran of harboring nuclear ambitions and of supporting international terrorism.

"We are categorically opposed to that," the Foreign Ministry staffer noted. "In the first place this is not ethical because Russia has been admitted to all the political discussions as a full- fledged member. Therefore, to draft two documents on the same subject is tantamount to ignoring Moscow's opinion. In the second place, the Americans made similar efforts at last year's G-7 meeting in Naples, too, but were unable to present any factual evidence of Iran's involvement in international terrorism."

Yeltsin's Role Previewed

MK1406111095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 14 Jun 95 p 1

[S.Sh.-signed report: "A Present To Be Kept as a Memento. A Russian Enema for the Blah-Blah About World Harmony"]

[FBIS Translated Text] The day after tomorrow the leaders of the key countries of the world will host Boris Yeltsin at their G-7 meeting for the fourth and, apparently, last time. The hosts promise to give the outgoing Russian president a top-notch final adieu in Halifax, Canada. Not in terms of fanfare and grandeur. Just the contrary. It is not by chance that Western leaders called their rendezvous last year with Boris Nikolayevich in Naples "an Aida dinner." A working dinner with a guest from Moscow, at which global policy problems were to have been discussed, turned into a genuine ball attended by 2,000 secondary guests. As a result, they couldn't properly discuss anything. Both, Yeltsin and his Western friends were furious. But this time around everything will be pointedly businesslike; there will be only "working" meetings with a limited number of participants, without unnecessary witnesses.

On Canadian soil, the Russian president will attend as many as three amusing events, not one as in Naples, and very serious ones to boot. Moreover, this will be the first time that he will get down to discussing problems of the world economy. It would seem that given the woeful state of our own economy we would do wise to keep mum. Not at all: As the Canadians hosts recognized, the West has made a point of noticing and appreciating the signs of economic recovery with which Russia is about to astonish the rest of the world. This is no big deal — full G-7 membership does not loom large for us so far — but this is a serious bid for the future nonetheless. For the time being, Moscow is going to seek a positive solution to a number of quite serious problems. Such as recognition of its role as the largest foreign creditor (of the CIS states), restructuring its own huge debt to the West, joining the international finance institutions that have so far been bereft of us, and keeping domestic enterprises' hard-currency earnings at home.

But on top of all that there is the key meeting on political problems where everybody is anticipating Russia's solo on Bosnia. And the final working dinner. In short, even if this may be no G-8, it will be a genuine G-7.5, no doubt about it. Despite all the Chechnyas and talk about sliding into authoritarianism.

A tense nature of the discussions will be kept thanks to active involvement of the digestive process. Canadian representatives in Moscow have said that a mysterious gastronomic product called "Canadian wine" will be served at the summit. This exotic drink has just recently emerged in Russia in one-liter milk cartons. According to those who have tasted it and are still alive, in terms of its healing properties the "wine" can well be used as a substitute for a patent purgative.

It is quite possible that the latter will be redundant. According to sources at the Foreign Ministry, Moscow will be ready openly to recognize that considerations of solidarity with Western allies will provide a foundation for restraining its contacts with unstable regimes of the East, including in military and nuclear areas. Rightly so. Just yesterday America and North Korea formally announced that heavy-water Soviet reactors to be dismantled by Pyongyang would be replaced with North Korean reactors. Till now Moscow has cherished inexplicable hopes that it will still be able to foist Russian-made reactors on the communists. But, as always, the tune was called by the one who paid for the purchase.

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Yeltsin Meets With Advisers

LD1406163395 Moscow Russian Television Network in Russian 1300 GMT 14 Jun 95

[FBIS Translated Text] President Boris Yeltsin is completing preparations for a G-7 meeting due to take place in Halifax, Canada. He met a group of experts on domestic and foreign policy today.

[Begin recording] [Correspondent P. Korovyakovskiy] Any attempt to get an impromptu interview inside the Kremlin is doomed to failure. For example, Foreign Minister Andrey Kozyrev thought it preferable to ask questions instead of giving answers.

[Kozyrev] Have you got any news yourselves?

[Korovyakovskiy] The journalists have no news, and it is likely that there will be none after today's meeting between the Russian president and a group of experts prior to the G-7 meeting. The journalists were allowed only to record the moment of mutual greetings and a brief introductory speech by the president, in which he confined himself to recalling the main items on the future agenda.

[Yeltsin] The political part is a round [as heard] G-8. Then they have added half a point, by comparison with a meeting in Naples. That is, in addition to a general discussion, there will be a general economic one.

[Korovyakovskiy] The identity of the group of experts with whom Boris Yeltsin has decided to have consultations is the only information about this so-called 8 plus 1 meeting in the Kremlin today. The presence of Sergey Rogov and Andrey Kartunov, heads of the institute of the United States and Canada [not further identified]; and Otto Latsis, an eminent economic expert, is a sign that Russia will probably show particular interest in economic matters, which mean for Russia the rescheduling of debt repayments and its fuller involvement in international trade structures. Observers' attention was drawn to the presence of Emil Pain, the president's adviser, who is regarded as the main expert in the Kremlin on interethnic relations. It is probable that his task is to prepare the president for discussion on the Chechen problem. It is already known that the president's top ranking partners will insist on discussing this problem. [end recording]

Preparations of 'Very Low Quality'

LD1406183495 Moscow INTERFAX in English 1755 GMT 14 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Moscow, 14 Jun (INTERFAX) — Russian President Boris Yeltsin met in the Kremlin Wednesday [14 June] with a group of experts in order to, in his words, exchange views before the important trip to Halifax.

He said that the political part of the summit will consist of a meeting of eight and that Russia will also attend a global economic discussion. The G7 will also hold separate talks on the economic problems facing the original members of the group.

Yeltsin expects the eight-country discussion to cover global processes in finances, the banking industry and the dollar market.

The meeting was attended by Sergey Rogov, director of the Institute of the U.S.A. and Canada, Andrey Kortunov, his deputy, Emil Payin, Andranik Migranian and Otto Latsis, members of the Presidential Council, Andrey Kozyrev, foreign minister, Viktor Ilyushin, presidential first aide, and Aleksandr Livshits and Dmitriy Ryurikov, presidential aides.

There were no journalists present.

During his stay in Halifax Yeltsin will also meet with U.S. and French presidents and the Canadian prime minister, a source in the Kremlin told Interfax Wednesday.

He said that the bilateral meetings will take 30 to 45 minutes.

The source emphasized that because of the tight schedule of his stay in Halifax on June 16-17, Yeltsin will not be able to meet with other G7 leaders. He did not rule out the possibility, however, of Yeltsin changing his program on the spot.

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A source close to the presidential headquarters told the PB [Presidential Bulletin] editor that he is cynical about the usefulness of Yeltsin attending the G7 summit. He expected the largest western countries to demonstrate their goodwill towards Russia which will watch the show from the antechamber. Experts believe, he said, that the Russian preparations for the summit, done chiefly by the foreign ministry staff were "of very low quality." The source said that the ministry's advice is remarkable for its vagueness and amounts to empty words with a recurrent theme of the need to "adjust the clocks."

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ITAR-TASS Carries Press Review for 15 Jun

LD1506101395 Moscow ITAR-TASS in English 0500 GMT 15 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, June 15 (ITAR-TASS) — Central newspapers highlight the capture of Chechen settlement of Shatoy and Nozhay-Yurt by the Federal troops. Krasnaya Zvezda" pointed out that the mass media had too early proclaimed the settlement of Shatoi as the last stronghold of the Chechen militants. After being ousted from Shatoy, the militants continue armed resistance in nearby settlements.

The newspaper suggests that Dudayev's militants will act in small groups with the aim of carrying out subversive acts at enterprises and committing other terrorist acts. Military sources report that following Dzhokhar Dudayev's order a group of Chechen militants conducting subversive acts and reconnaissance operations, which consists mainly of hired Slav militants with a criminal record, broke through into the rear of the Federal troops.

The newspaper "Trud" published a report about a terrorist act committed by Chechen militants in the town of Budennovsk in the Stavropol region. Two "Kamaz" trucks with gunmen aboard broke into the town around noon Wednesday and opened fire at random, crashing everything around. Some reports said the terrorists had attempted to seize a local chemical plant and an airport. The militants also attempted to seize the building of the regional Interior department and the building of the city administration. As a result of the terrorist act some people were killed and injured. At present, the town has been cordoned off by the Federal troops and the special task Force. Operations to liquidate the terrorists continue. [agency promises more]

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Russia Not Hurt by Agreement on ROK Reactors

LD1406175395 Moscow INTERFAX in English 1716 GMT 14 Jun 95

[From the "Diplomatic Panorama" feature: Reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] Moscow, June 14 (INTERFAX) — Russia does not consider itself hurt by the decision of North Korea to take light water reactors of South Korean make, the Deputy Foreign Minister Aleksandr Panov told INTERFAX Wednesday.

"We did offer our light water reactors that could replace outdated graphite ones, but we always stressed that the matter is for Pyongyang to decide", the official said.

According to him, Moscow does not have full information about the agreements reached at the U.S.-North Korean talks in Kuala Lumpur. "What we have heard are very general declarations resembling declarations of intent. I think Washington, Pyongyang and Seoul will notify us," Panov felt.

On the prospects of Russia's involvement in the international consortium for restructuring the North Korean nuclear program Panov said: "Plenty of options are possible. Much is going to depend on what the consortium is going to do and what projects are going to be contested."

The deputy minister stressed that if the consortium offers Russia an insignificant role, there will probably be no sense in cooperating with it. In any case the matter will be decided by all interested Russian parties: the Foreign Ministry, the Nuclear Energy Ministry etc. "We do not intend to dramatize the situation," Panov concluded.

Russia Loses Money on DPRK-U.S. Nuclear Deal

LD1406185595 Moscow ITAR-TASS in English 1837 GMT 14 Jun 95

[By Veronika Romanenkova]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — Russia "lost a partner" after North Korea signed a contract for the delivery of an American light-water reactor for its nuclear facility, according to Russian Atomic energy minister Viktor Mikhailov.

The Minister recalled that North Korea proposed buying similar reactors from Russia a few years ago. A site for a future nuclear power plant was subsequently chosen and some work was done, for which North Korea still owes Russia some three million dollars, he said.

However, international sanctions were imposed on North Korea on the U.S. initiative after it became known that North Korea was reportedly developing its own nuclear weapons.

Russia joined the sanctions and suspended work to construct a nuclear power station in North Korea. As soon as it became clear that North Korea had no potential for creating its own nuclear weapons, the United States offered North Korea the services of its specialists in building the nuclear power plant.

Mikhailov said the story amounted to a tale of economic competition in which the United States resorted to a "forcible method". As a result, a few hundred million dollars will go to the United States instead of Russia.

START-1 Decision 'Contradicts International Practice'

LD1406162595 Moscow ITAR-TASS in English 1516 GMT 14 Jun 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — The decision of the U.S. House of Representatives to freeze programmes of assistance to CIS member-states in dismantling their nuclear arms in line with the Strategic Arms Reduction Treaty (START-1) contradicts international practice and the U.S. commitments assumed on the bilateral and multilateral basis, according to Deputy chief of Russia's radiation, chemical and biological defence forces Maj.-Gen. Viktor Kholstov.

Kholstov said in an exclusive interview with ITAR-TASS today that the unprecedented decision stemmed from a false presumption that Russia was allegedly conducting research in the field of biological weapons.

General Kholstov said that at present all biological installations are being inspected on a trilateral basis with Russia, the United States and Britain as participants.

These three countries adopted in October 1993 the Statement on confidence building measures. The status of that document was quite uncertain, the General said. The statement provided for mutual inspection but failed to lay down an agreed framework and assessment criteria for use in the course of such inspection. Because of this the first visit of inspectors to non-military biological installations yielded differing conclusions. In particular, the foreign inspectors noted that the Russian partners were not beyond reproach in everything, although some of them insisted that the reproach should be targeted at Russia alone. But the inspectors had failed to detect anything suspicious in the Russian installations.

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Now, inspection on the basis of those trilateral accords is entering another phase which calls for visits to military installations. As the process is clearly one-sided and there are no clear-cut approaches, the sides agreed that prior to visits to the military biological installations, the three governments should work out and sign an additional document at a level of intergovernmental agreement signed by them.

The new document should specify what installations are subject to inspection, what principles and assessment criteria are to be applied, and what interpretation of the inspection results is expected.

The document is now being worked out, the General stressed. The American side conveyed its proposals concerning changes in the final version on June 5.

It is clear that no visits to the Russian installations have been paid pending the signing of the proposed new agreement, the General said. For this reason, the U.S. House decision to freeze the programmes of assistance was not based on objective data. The accusations leveled at Russia lacked the strength of conviction and, moreover, they undermined the authority of international agreements based on objectivity and good faith of the contracting parties.

General Viktor Kholstov recalled that the 1972 U.N. international convention on biological arms stipulated a procedure for judging accusations of violation of the treaty banning biological weapons after a thorough study of full evidence and grounds at Security Council meetings.

It is well known that the U.N. Security Council has held no hearings of this kind and that there is no evidence of Russia's guilt.

The U.S. Congressmen should have recalled before voting on their decision that the United States was a member of the Convention and the fact obliged the legislature to follow the letter of international agreements.

Russia Not Worried Yet Over Dornan Amendment

MK1506091095 Moscow KOMMERSANT-DAILY in Russian 15 Jun 95 pp 1, 3

[Report by Aleksandr Koretskiy: "U.S. Congress on Biological Weapons in Russia. Financial Fallout of Previous Rumors"]

[FBIS Translated Excerpt] The U.S. House of Representatives yesterday passed by 224 votes to 180 an amendment to the bill on funding specific defense programs, including those dealing with disarmament. The bill comes under the so-called Nunn-Lugar program (aiding nuclear conversion in post-Soviet countries.) Under the amendment proposed by Robert Dornan, a California Republican, funding under the Nunn-Lugar program is put on hold until Russia stops work on the creation of biological weapons. [passages omitted]

This time around the rumors (Congressman Dornan did not provide hard facts on Russia's developing biological weapons) of violation by Russia of the basic principles of the 1972 UN Convention banning biological weapons stirred the Republican majority in the House (nearly all the Democrats voted against) into reacting, as Dornan put it, "to the disturbing signals imperiling the security of the United States." Indeed, in upholding the rules of international law, the Republicans violated the same rules. The snag is that, under the same UN Convention, all accusations of violating it shall be looked into exclusively by the UN Security Council upon submission of all available proof and grounds (of which there are none so far). Incidentally, the main U.S. intelligence departments — the CIA and the DIA — are also keeping silent on this. [passage omitted]

Moscow does not have to fear anything so far. The amendment will become law only if approved by the Senate and the President. There is confidence that the Senate (or Clinton) will bury the amendment unless proof of Moscow's guilt is produced. One way or another, the "bioproblem" may become yet another — like Iran and Iraq — factor complicating the U.S.-Russia dialogue.

Ministry Official: U.S. Wants Price of Uranium Cut

LD1406173595 Moscow INTERFAX in English 1718 GMT 14 Jun 95

[From the "Diplomatic Panorama" feature: reports by Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov]

[FBIS Transcribed Text] Moscow, June 14 (INTERFAX) — The United States' negotiators want Russia to cut the price of uranium by one-third to one-half, Vitaliy Konovalov, first deputy nuclear energy minister told INTERFAX Wednesday [14 June].

He said the U.S. seeks to impose absolutely unfair prices on Russia and seems uninterested in purchasing Russian uranium.

Konovalov refused to name the price Russia offers but said that world wholesale prices on nuclear materials gives some indication.

Under a bilateral agreement signed in 1992 Russia would sell in the U.S. nearly 500 tonnes of 4% enriched uranium obtained from nuclear warheads dismantled under the nuclear reduction program.

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Konovalov said that even if the deal fails the Russian nuclear industry will not sustain significant financial losses.

Another First Deputy Minister for Atomic Energy, Lev Ryabev has said told INTERFAX his ministry hopes for a favorable outcome of the current negotiations on marketing Russian uranium in the United States.

He said that the Atomic Energy Ministry made no unacceptable pre-conditions at the negotiations.

"The price of uranium is the worst controversy", Ryabev said. "We name our price proceeding from the world level. The United States disagrees with it and seeks a far greater profit".

Ryabev said that marketing Russian uranium in the United States would be a very delicate affair, because even from the technical point of view nuclear materials used in the two countries have a slightly different composition.

"Russian and U.S. officials hold regular meetings to discuss that problem", he said.

Ryabev pointed out that Russia had the most sophisticated technologies to produce and process uranium. "These technologies are less expensive than foreign ones and make Russian uranium competitive on the world market", he said.

Meanwhile, Sergey Kislyak, director of the Security and Disarmament Department in the Foreign Ministry, told INTERFAX Wednesday that Moscow does not plan to review the agreement with the U.S. on sales of Russian uranium in the U.S.

In his words, "politically, this agreement is useful and serves Russia's economic interests.

"It is about conversion of weaponry which costs a lot of money and which can be put to peaceful purposes," he explained.

Kislyak said that the uranium to be supplied to the U.S. is not weapon-grade and can only be used in energy-generating reactors.

FBI Role in Training Russian Police Questioned

MM1506104895 Moscow PRAVDA in Russian 15 Jun 95 p 4

[Report by Anatoliy Belozertsev: "FBI in the Urals"]

[FBIS Translated Text] Chelyabinsk — A few days ago what was, to put it bluntly, an unusual event took place in Chelyabinsk. Four FBI agents spent a week coaching their Urals colleagues in fighting organized crime under an accord between Russian MVD [Ministry of Internal Affairs] Minister Viktor Yerin and FBI Director Louis Freeh.

Chelyabinsk was the first of four Russian cities to accommodate the Americans. It will be followed by St. Petersburg, Vladimir, and Khabarovsk.

In the southern Urals the FBI agents met experts from specialist crime departments, chiefs of police departments, and personnel specializing in combating economic crimes. At the request of their Urals colleagues the U.S. special services brought them a gift in the shape of a Russian swindler caught in the United States. He had robbed a commercial bank in Chelyabinsk, successfully crossed the ocean, and bought a prestigious apartment in the States.

The FBI agents' arrival and the handover of the swindler to the Russian authorities coincided with the opening of a U.S. Business Center in Chelyabinsk. Jack Segal, U.S. consul in Yekaterinburg, came for the opening ceremony. Once a career military officer — as a major in the U.S. Air Force he fought in Vietnam — Segal stated frankly that the United States was increasingly interested in investing money not in the center of Russia but in the industrial Urals and other raw materials areas. But there was a dangerous crime situation there. Americans must feel calm about the millions they invested. That was why the FBI agents had come to Chelyabinsk.

Following the seminar on combating organized crime each of the 40 participants, students at the Chelyabinsk branch of the Higher Militia School, received a certificate signed by Segal and by FBI Director Louis Freeh himself.

I will not be surprised to see our Russian boys serving in the police in a couple of years time wearing FBI uniforms and coming under the jurisdiction of officers from the U.S. special services.

Is this right?

Foreign Ministry Issues Statement on Bosnia

LD1406201295 Moscow ITAR-TASS in English 1955 GMT 14 Jun 95

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — The development of the situation in the former Yugoslavia causes ever growing concern in Moscow. There have been more and more signs of the possibility of sliding into a large-scale military confrontation both in Bosnia and Croatia, the Russian Foreign Ministry said in a statement on Wednesday.

The return to forceful methods is fraught with a new big bloodshed and sufferings for civilians, the withdrawal

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of peace-keeping forces and the spread of the conflict beyond its current borders.

"With all the seriousness we call on the warring sides to renounce any attempts to solve their problems on a battlefield rather than at the negotiating table. The opportunities for that can never be exhausted," the statement said.

Any other approach should meet decisive resistance from the international community. If the need arises, Russia will actively seek to ensure that, primarily as a permanent member of the U.N. Security Council.

Russia supports the U.N. peace-keeping forces in Bosnia, Croatia and Macedonia, the statement said.

"We decisively condemn all cases of detention, assault and other unlawful actions with the regard to the U.N. personnel. As a state having military contingents as part of peace-keeping forces in Croatia and Bosnia, Russia is interested, no less than any one else, in stopping treacherous actions against the peace-keeping personnel, no matter who commits them," the statement said.

The ministry described as absolutely inadmissible blatant violations of the arms embargo imposed by the U.N. Security Council against all republics in the former Yugoslavia. Such actions fuel the conflict and sow illusions about the possibility of resolving it by military means. The interests of conflict settlement require the Security Council to take real steps to put an end to all attempts to ignore its decision.

In keeping with a decision adopted by the Contact Group ministers at their meeting in the Hague, Russia believes it necessary to take additional measures in order to give a new effective impetus to the settlement process. In this context, the question of suspending and lifting the sanctions on Belgrade becomes a key issue.

"We will continue to actively facilitate a negotiated settlement of the conflict in the former Yugoslavia together with our partners in the U.N. Security Council, the Contact Group and all those who favour peace, not war," the statement said.

Foreign Ministry Urges West To Change Attitude on Chechnya

LD1506102695 Moscow ITAR-TASS in English 0954 GMT 15 Jun 95

[FBIS Transcribed Text] Moscow, June 15 (ITAR-TASS) — "The tragedy in Budennovsk should be an eye-opener for politicians abroad who failed to see the real causes of the Chechen tragedy and preferred to lecture Russia on morals instead of giving partners' support in the struggle against separatism and organized crime," says a statement made by the Russian Foreign Ministry following a terrorist attack made by Chechen militants on the town Budennovsk in the Stavropol region.

"The act of terrorism committed by Dudayev's militants in the town of Budennovsk on Wednesday, the dead and wounded among the peaceful and innocent population, including women and children, many people taken hostage are another evidence stained in blood of the criminal nature of Dudayev's regime which resorts to the most horrible and inhuman methods to attain its goals.

It is apparent that the main aim of the terrorist act committed by Dudayev's militants is to procrastinate an inevitable and disgraceful collapse of its anti-popular regime at the expense of destabilization of the situation in Russian areas neighboring Chechnya. The Russian Government has been taking energetic and tough measures to cut short the activities of Dudayev's militants and save the people.

The tragedy in Budennovsk has convincingly confirmed that the international community should draw considerable attention to the threat of terrorism and close coordination of the activities of all states in the struggle against this evil of the 20th century.

Pooling efforts in the struggle against terrorism will be one of priority issues on the agenda of the "Group of eight" in Halifax. Russia is prepared to make its contribution so that concrete and effective decisions be adopted on this problem," the statement said.

Russia Criticizes Paris Decision To Start Nuclear Tests

LD1406191395 Moscow ITAR-TASS in English 1853 GMT 14 Jun 95

[By Veronika Romanenkova]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — Russian Atomic Energy Minister Viktor Mikhailov today expressed a strongly negative attitude to the French decision to resume nuclear testing in September.

Mikhailov said in an exclusive interview with ITAR-TASS that France was attempting "to seat on two chairs" by conducting nuclear explosions concurrently with calls for further reduction of nuclear arms and the nonproliferation of nuclear technologies.

Viktor Mikhailov admitted that nuclear tests were needed not only to develop new nuclear charges but also in order to maintain the safety of the available arsenals at an appropriate level.

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But the latter task is served by permitted research activity at the assigned testing ranges which should not be enhanced, the Minister said.

Russia has not conducted any experimental nuclear blasts since the beginning of the 90s, and it is now in a situation similar to that of France. But Russians do not intend to breach the moratorium, Mikhailov said. Even though specialists at the Federal nuclear centre in Arzamas-16, for example, insist that it is very difficult to maintain the safety of the stockpiled atomic bombs without regular tests, the Minister said.

EU Commission 'Contradicting Itself' in Approach to Russia

MM1406150995 Moscow ROSSIYSKIYE VESTI in Russian 14 Jun 95 p 3

[Unattributed report under the "At the Russian Federation Ministry of Foreign Affairs" rubric: "EU Commission Contradicting Itself?"]

[FBIS Translated Text] Documents on the future prospects for EU-Russian relations, prepared by the EU Commission in accordance with the recommendations of a meeting of EU foreign ministers in Carcassone, have been received with great interest and are being studied carefully in Moscow.

Our first impressions are on the whole favorable. The EU Commission proposals are aimed at "consolidating" political dialogue with Russia, carrying out joint work on the future architecture of European security, and maintaining political, social, and economic stability in our country, and will contain a number of other positive elements.

At the same time, we cannot ignore the fact that the EU Commission recommendations essentially announce a "postponement" of the signing of the Temporary Trade Agreement and the "suspension" of the ratification process of the Agreement on Partnership and Cooperation.

It seems that the EU Commission is contradicting itself. On the one hand it is calling for a deepening of cooperation with Russia and on the other is using the events in Chechnya to impede progress in key areas of cooperation. We hope that this contradiction will soon be overcome.

We are counting on our experts being able to participate in the process to "finalize" these documents on Russia. We are determined to cooperate productively in this.

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Political Issues

Yeltsin Rejects Laws on State Employment, TV Broadcasting

LD1506083195 Moscow Radio Rossii Network in Russian 0700 GMT 15 Jun 95

[FBIS Translated Text] Boris Yeltsin rejected the federal law on the principles of state employment in the Russian Federation because some of its aspects do not conform to the Russian Constitution, international legal norms, or the labor code.

The presidential press service reported that the head of state also rejected the law on TV and radio broadcasting. Boris Yeltsin pointed out in a letter sent in connection with this to Duma Speaker Ivan Rybkin that the said law contradicts the Constitution and does not conform to the law on mass information media and the federal law on communications.

Zyuganov Views Elections, Presidency

954F2454A Murmansk POLYARNAYA PRAVDA in Russian 17 May 95 pp 1-2

[Interview with G.A. Zyuganov, member of the State Duma Council and leader of the Communists of Russia deputy faction, by V. Sidorin; place and date not given: "It Would Be Difficult To Imagine a More Dangerous Policy"]

[FBIS Translated Text] As was already reported, a member of the council of the State Duma and leader of the Communists of Russia deputy faction, G.A. Zyuganov, visited our oblast. Officially the visit was not related to the forthcoming elections to the organs of state power, but people who understand politics (at election time we all become political wonks) correctly regard it as an element of the election marathon. And the guest himself conducted the dialogue with the voters not mainly in the form of a report of what they have managed to do and what they have not managed to do but rather as a look into the future.

G.A. Zyuganov gave an exclusive interview to POLYARNAYA PRAVDA. Everyone must decide for himself whether he shares these positions or not.

[Sidorin] Gennadiy Andreyevich, first tell us about yourself.

[Zyuganov] I am a native of Orel Oblast, from the back woods, and I come from a family of teachers. I graduated with honors from regular school and then from physics and mathematics school. I served for three years in the army in special intelligence for combat with nuclear and chemical weapons. I climbed all the steps of the ladder in public work and taught higher mathematics and philosophy in VUZ's [higher educational institutions]. Recently I defended my doctoral dissertation in the specialty "philosophy and politics."

My wife is an engineer and works at a Moscow clock factory. My daughter is a research assistant. My mother lives with me—she has been a teacher in a rural school for 40 years. My father died as an invalid of the Patriotic War. A typical family.

[Sidorin] How significant is the influence of the communist faction in the Duma? What are its merits?

[Zyuganov] Our faction includes representatives of 34 regions of Russia and 16 nationalities. For a multinational state this is exceptionally important. The faction has almost a dozen legal experts with high qualifications—many legal institutes use their textbooks—and many eminent economists, managers, entrepreneurs, and production organizers.

We have insisted on the adoption of decisions aimed at putting an end to rapacious privatization. But the powers that be are not bound by the laws of the Duma. We managed to adopt a decision on compensation for the contributions of the population that were confiscated by the Gaydar reforms. And although the authorities are still refusing to pay the money, they will have to pay. First of all it is necessary to pay the people who are in their declining years who are unable to wait.

We now have the task of adopting a package of laws on elections of deputies to the Federal Assembly, the president, and local self- government organs and also on the referendum. We have already done a certain amount.

Still, according to the present Constitution, the Duma is essentially without rights and the government is out of control. It is necessary to make changes in the Basic Law. Otherwise the voters and their representatives will not be able to effectively influence the policy that is now being pursued.

[Sidorin] Your faction has recently been berated for adopting the law on military service. Is this accusation fair?

[Zyuganov] There are basic points of support in any state. Regardless of how we regard them, in our state they have been the party, the soviets, the economic organs, public organizations, the state security service, the militia, and the army. They broke the party's back and shot at the soviets, and state security was essentially paralyzed. Now they are going after the army and the Orthodox church. Even in your region foreign clergymen read the services. In my view, it is difficult to imagine a more dangerous policy.

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We have been guided by simple considerations: the army, the security service, and the law enforcement system must remain strong. Society cannot do without them.

Therefore we are in favor of supporting the army in these difficult times. We have adopted an optimal decision—to extend the period of service to two years (this is the amount of time served in the majority of countries of the world) without calling students out of VUZ's. Nor will we forget every second hectare of black earth, every second cubic meter of fresh water, and every second cubic meter of timber are located on our territory. If we do not protect them, we will not provide for our security.

[Sidorin] How do you arrange relations with your political rivals or opponents?

[Zyuganov] I would not call them "opponents." That always leads to bitter confrontation and conflicts. But life develops in a struggle of opinions and contradictions. Complete unanimity exists only in a cemetery.

We are open to dialogue with all who want the country's territorial integrity and well-being, and peace in each household. Today there are no significant foreign delegations who would not want to meet with us, not to mention our factions, and various political parties. The tendency toward reinforcement of left-wing political forces is in evidence. This was shown by the elections in Eastern Europe. The same thing happened recently in Italy. And in Russia, if we have even the appearance of democratic elections, the left-wing forces, which I represent, will strengthen their positions.

We adopted an interesting program at the congress. It presupposes the creation of a bloc of state-patriotic forces which could be based on the Communist Party, the Agrarian Party, the Socialist Party, the trade unions, commodity producers with all forms of ownership, and women's and veterans' organizations. In many places where there have been elections, they have already managed to do this.

[Sidorin] Gennadiy Andreyevich, there has been an announcement of the creation of two election blocs for preparing for the forthcoming elections to the state organs of power. How do you regard this fact, and what spot will be occupied by the communist party in the election struggle?

[Zyuganov] This is a means of further manipulating public opinion, which the powers that be have been very good at recently, while selling out and destroying the country. Now they are trying to stay in power by utilizing these levers.

The creation of these election blocs will have the most negative of consequences. If the prime minister as a politician has gathered people together at his dacha concerning election affairs, then let him pay for the state dacha, let him pay for travelling expenses and many other things. This is the grossest violation of the law and ethical norms. The same thing will also be done by other executives who salute the team.

The communists have fairly broad support. There are more than a half million of us, we publish 120 newspapers, and we are creating patriotic, sports, and Komsomol [All-Union Lenin Young Communist League] organizations. There is a movement called "spiritual legacy" in operation which includes eminent figures in science, culture, and education. These are nonparty people but they are sympathetic to our state patriotic position and are prepared to participate actively with us in the elections.

[Sidorin] What is your attitude toward the president of Russia?

[Zyuganov] At turning points in conducting the reforms and consolidating the country we need individuals who would bring the nation together and put forth socially significant ideas. When the president stated that he would put an end to socialism, all of Europe laughed, they all laughed about this. Because socialization of life is the most important tendency on the planet. We are building a market without paying people their wages, and while we are talking about rebirth the nation is degenerating and the population is consolidating. The president has not given a single serious speech about a single large problem.

He is a typical functionary into whom others pour their ideas. He mouths them correctly without always understanding their essence. He is not a guarantor of anything, he cannot even guarantee his own personal behavior. In my view, he is completely used up. His epoch is on the verge of decline. I have the feeling that foreign politicians and diplomats think his time has passed.

[Sidorin] Does the current Communist Party of Russia differ from the CPSU on the plane of ideology and policy?

[Zyuganov] The CPSU was not simply a party. It was a state- political organ that penetrated all of the country's life, strengthened it, and supported it. Therefore it would be wrong to compare our party to the CPSU. From the standpoint of ideology, there is a succession. We have taken as a legacy all of the best — that which had to do with the friendship of peoples, humanism, respect for the working man, support for all who are actively

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working. But to these values one must definitely add questions related to statehood, patriotism, and broader national traits. On this basis a qualitatively new and modern party is maturing.

[Sidorin] In society there is the opinion that communist ideas have become obsolete or have been compromised.

[Zyuganov] A very narrow group of people is instilling that idea in us. In Western Europe these ideas have not only not become obsolete but are being widely developed. Especially that which is related to social protection, state regulation, control, new forms of economic influence, etc.

Look at the high rates at which China is developing. In today's France and Austria there is 100 times more socialism than in Yeltsin's Russia.

The word "communist" means social. Unless social interests prevail, unless we give them priority, greedy, selfish, base people will gobble up everything around them and destroy our planet.

[Sidorin] Is it possible that the Communist Party of the Russian Federation and the LDPR [Liberal Democratic Party of Russia] will join forces for the election struggle?

[Zyuganov] We will work together with all parties, including the LDPR. But the LDPR has one peculiarity. At 0900 you can reach an agreement with them and at 1000 their leader will revise his position and by 1400 he has a completely different one. Zhirinovskiy supports Yeltsin in practically everything. But we are open to dialogue with all.

[Sidorin] You are one of the candidates for the post of president of the country. Let us say that you are elected. What would be your points of reference?

[Zyuganov] I am in favor of having us proceed as a large team.... State-patriotic forces can offer the people a worthy program. I would suggest a change of course, clear-cut development of economic priorities, I would give preference to large-scale science, education, public health, and social protection of citizens. I would achieve restoration of democracy and immediate reinstatement of reconstruction of the Union state on a voluntary basis. First of all I would offer this unity to Minsk, Kiev, and Almaty and I would take extreme measures to fight against gangsterism, corruption, and criminal behavior. I would give back everything that has been taken away from children and the elderly. I would gather political forces together and agree on regular dialogue, regardless of their views. I would ask for a respite from all kinds of strikes and demonstrations. And the main thing is that I would motivate the commodity producers to work effectively.

[Sidorin] How did your meetings in the Murmansk area go?

[Zyuganov] They were interesting. The people were kind. They want to figure out what is going on without a lot of screaming and shouting. Your people look beautiful even on the outside.

New Political Movement To Support Communist Party

LD1506135395 Moscow ITAR-TASS World Service in Russian 1336 GMT 14 Jun 95

[By ITAR-TASS correspondent Lyudmila Aleksandrova]

[FBIS Translated Text] Moscow, 14 June — The "Spiritual Heritage" new public and political movement will not be an independent participant in the elections and will "unequivocally support" the Russian Communist Party [RCP], Aleksey Podberezkin, leader of the organization and president of the "RAU-Korporatsiya" international nongovernment research and educational organization, told today's news conference in the State Duma. Along with other leaders of the movement, including writer Yuriy Bondarev, he was presented to the journalists by Gennadiy Zyuganov, chairman of the RCP.

According to Aleksey Podberezkin, the "Spiritual Heritage," set up on 27 May this year, "is a state and patriotic movement which includes cultural and scientific figures and entrepreneurs regardless of their party or political affiliations." The organization's main task is to enlighten the population and to preserve Russia's spiritual and cultural heritage. The movement's goal is "to consolidate a state and political opposition." Its leaders reject political ambitions and the movement is prepared to find a common language with representatives of the power structures but at the elections it will unequivocally support the RCP, Aleksey Podberezkin made clear.

According to him, the new movement is doing even better than expected. Since the congress, more than 4,000 applications have already been received. By the end of June the overall number of primary organizations of "Spiritual Heritage" will exceed 1,000, the leader of "Spiritual Heritage" claimed.

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New Crimefighting Structures Under Security Council

MK1506080095 Moscow SEGODNYA in Russian 15 Jun 95 p 2

[Report by Roman Ukolov under the "Reorganization" rubric: "Crime Will Be Tackled by One Commission Instead of Three"]

[FBIS Translated Text] Russian Federation Justice Minister Valentin Kovalev held a press conference at the press center on Staraya Ploshchad yesterday. The minister told the journalists that a Russian Security Council interdepartmental commission on public security and combating crime and corruption had been formed in line with presidential edict No. 405 of 24 April 1995. The new structure results from the reorganization of formerly three interdepartmental commissions: on public security, on combating crime, and on combating corruption. In addition to information analysis functions, the commission is tasked with specific missions, namely organization, on the president's assignment, of checks on the activity of law and order organs to prevent corruption; the forwarding to the Russian Federation law and order organs of letters, grievances, and reports of corruption and activities of organized groups of criminals; and the hearing, on the president's instructions, of reports by chiefs of Russian Federation law and order organs on the state of struggle against crime. The commission has been given the right to receive from federal organs of state power as well as from institutions, enterprises, and organizations, regardless of who owns them, information, documents, and materials necessary for its activity.

Having described the new commission, Valentin Kovalev discussed the current state of crime in Russia and what his ministry is doing to combat it. One can conclude from the figures cited by the minister that the total number of crimes continues to climb and that this tendency, despite all efforts, will continue to exist in the future.

Government Decree Launches Antidrugs Program

MM1506134295 Moscow ROSSIYSKAYA GAZETA in Russian 15 Jun 95 First Edition p 5

[Russian Federation Government Decree No. 542 "On the Federal Targeted Program 'Comprehensive Measures To Counter Drug Abuse and Illegal Drug Trafficking in 1995-1997,'" dated Moscow, 3 June 1995 and signed by V. Chernomyrdin, chairman of the Russian Federation Government]

[FBIS Translated Text] In accordance with the Russian Federation president's 24 May 1994 Edict No. 1016 "On Urgent Measures To Implement the Russian Federation Federal Program for Stepping Up the Fight Against Crime in 1994-1995," the Russian Federation Government decrees that:

1. The appended federal targeted program "Comprehensive Measures To Counter Drug Abuse and Illegal Drug Trafficking in 1995-1997" (hereinafter called the program) is approved.

2. The Russian Federation Ministry of the Economy and the Russian Federation Ministry of Finance are to include the program in the list of federal targeted programs to be funded as of 1996.

3. The Russian Federation ministries and departments which carry out the measures in the 1995 program are to seek out additional potential for funding them within the limits of the funds provided for in the Federal Law "On the Federal Budget for 1995."

4. Organs of executive power in the components of the Russian Federation are recommended to draw up and implement comprehensive regional targeted programs to counter drug abuse and illegal drug trafficking.

5. Russian Federation television and radio companies are recommended to provide airtime on preferential terms for broadcasts aimed at countering drug abuse and illegal drug trafficking.

6. Control over the program's fulfillment is entrusted to S.M. Shakhray, deputy chairman of the Russian Federation Government and chairman of the Government Commission on Countering Drug Abuse and Illegal Drug Trafficking.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government.

Media Issues

Rudnov Named St. Petersburg TV Chief

MK1506092095 Moscow SEGODNYA in Russian 15 Jun 95 p 1

[SEGODNYA report: "Bella Kurkova Has Been Relieved of Her Post at Her Own Will"]

[FBIS Translated Text] Since yesterday, Bella Kurkova no longer heads St. Petersburg TV's Channel Five: Russian Federation Prime Minister Viktor Chernomyrdin has satisfied her request for resignation and signed the corresponding application. According to information available to SEGODNYA, Mrs. Kurkova has explained her resignation at her own will by her unwillingness to head a state television company, which — despite its high popularity among viewers in Russia — is to be reduced to the level of a regional TV station by retaining

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telecasting on Channel Five to cover only St. Petersburg and Leningrad Oblast.

Simultaneously, the head of the Russian Federation Government has appointed Oleg Rudnov as the St. Petersburg television chief. Oleg Rudnov has considerable experience, having worked in TV administrative structures; he used to head the first semiprivate-semistate radio station, "Radio Baltika," in St. Petersburg, and was quite recently put in charge of Channel Five's "financial matters," to replace Mrs. Kurkova's former deputy, following the notorious scandal and legal proceedings.

According to some reports, Mr. Rudnov's candidature was proposed by St. Petersburg Mayor Anatoliy Sobchak, and then approved by Russian Federation Vice Premier Vitaliy Ignatenko and Valentin Lazutkin, head of the Federal Television and Radio Broadcasting Service.

Military & Space Issues

Yeltsin Issues Edicts Removing Lebed, Appointing Successor

LD1406152695 Moscow NTV in Russian 1500 GMT 14 Jun 95

[FBIS Translated Text] We have just received a report on the future of General Aleksandr Lebed, commander of the 14th Army in the Dniester area. Today Lieutenant Gen. Aleksandr Lebed has been removed from his post and decommissioned from the military service by order of President Yeltsin. Here is the edict [announcer shows the edict]

Also today Major Gen. Valeriy Gennadiyevich Yevnevich was appointed by another edict of the Russian president — I am holding a copy of this order in my hand — to the post of head of the operative group of command of the troops of the Russian Federation in the Dniester region. Both edicts come into force on the day of their signature.

Tension Grows in 14th Army

LD1406205395 Moscow ITAR-TASS in English 2025 GMT 14 Jun 95

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] CHISINAU June 14 (ITAR-TASS) — President Boris Yeltsin's decree sacking General Aleksandr Lebed as Army Commander and dismissing him from the Armed forces appears to have caused mounting tension among the officers of the 14th Russian army stationed in Moldova's Dniester region.

Many officers regard the decision on reform of the army command and on the discharge of the army Commander as a bad omen for themselves, according to some officers in the army's headquarters who asked not to be named.

Inhabitants of the region keep calling the army headquarters to express alarm. They say that "war will break out again" after General Aleksandr Lebed goes.

Leader of the Dniester Union of Women Svetlana Migulia announced that her supporters would picket the 14th Army headquarters on Thursday [15 June] to protest the appointment of Maj. Gen. Valeriy Yevnevich as head of the operational group in charge of administering the Russian troops in the Dniester area.

In Moscow, an official of the National security council denied reports that the Council agenda includes an item concerning the 14th Russian army. The official stressed that the Council had not considered putting any such item on the agenda.

The decision on the withdrawal of the 14th army from Moldova was made pursuant to an intergovernmental agreement between Russia and Moldova. The agreement, however, set no date for the withdrawal.

Army Commander Lt. Gen. Aleksandr Lebed objected to the Defence Ministry plans for reforming the army. He declared his resignation to protest the plans.

The Security Council official rejected reports from unofficial sources in Moscow and Chisinau alleging that the Security Council had plans for discussing the fate of the army and the preservation of its arms and ammunition.

New Chief Backed Yeltsin in 1993

LD1506125895 Moscow ITAR-TASS in English 1207 GMT 15 Jun 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, June 15 (ITAR-TASS) — Major General Valeriy Yevnevich, who replaced maverick commander of the 14th Russian Army in the breakaway Dniester region of Moldova Aleksandr Lebed, is known for backing President Boris Yeltsin when he sent tanks to pound the Russian hardline legislature in October 1993.

Later Yevnevich, who was the commander of the Taman motorised rifle division deployed not far from Moscow, was decorated by Yeltsin with the top order of the Hero of Russia "for courage and heroism" during the operation.

In April 1994 Yevnevich met Federation Council speaker Vladimir Shumeyko which may be considered a landmark in his military career.

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Soon afterwards, the speaker decided to get closer acquainted with the division commander. Many observers now point out that the meeting between them was a major factor in Yeltsin's decision to appoint him as chief of the 14th Army which is now called the operational group.

These words are being frequently repeated nowadays. However, Yevnevich is well known in the Army for his high professional skills.

It is believed in the Russian Defense Ministry that Yevnevich's capability to get on well with people, his high professional skills, and his ability to find active aides deny rumours that the officers of the former 14th Army will give their new commander an unfriendly welcome.

Besides, Yevnevich did not violate any moral standards by accepting his new post. He has been appointed by order, and, according to orders and army morals, a serviceman cannot choose his post or place of service.

'Kosmos-2323' Launched From Baykonur

MM1506131395 Moscow KRASNAYA ZVEZDA in Russian 15 Jun 95 p 1

[Report by Lieutenant Colonel Ivan Safronov of the military space forces press center: "'Tsiklon-2': Reliability as Always"]

[FBIS Translated Text] Combat crews of the Russian military space forces have successfully launched a "Tsiklon-2" light-class launch vehicle with the "Kosmos-2323" military space ship from the Baykonur cosmodrome launch complex.

Colonel General Vladimir Ivanov, commander of the military space forces, has stated that the space launch was to mark the fifth anniversary of the proclamation of Russia's independence and was at the same time the first launch since the cosmodrome celebrated its 40th anniversary.

The missile is the absolute record holder in terms of reliability: Out of 99 launches there has not been one accident.

Federal Assembly

Federation Council Extends Deployment in Georgia

LD1406100095 Moscow ITAR-TASS World Service in Russian 0919 GMT 14 Jun 95

[By ITAR-TASS parliamentary correspondent Lyudmila Yermakova]

[FBIS Translated Text] Moscow, 14 Jun — Russia's Federation Council today extended the use of the contingent of Russian Armed Forces in the area of the Georgian-Abkhazian conflict until 31 December. Deputies adopted this resolution following an appeal by the Russian president.

Boris Pastukhov, the president's official representative and Russia's deputy foreign minister, said that hostilities in that region had stopped over a year ago. "This would not have been possible" without the Russian peacekeeping forces. The president noted in his letter to the Federation Council that "the withdrawal of Russian peacekeepers would sharply aggravate the situation and lead to resumption of widescale combat actions on both sides." He said that both the Abkhazian and Georgian sides had asked him to extend the period of the use of Russian Armed Forces.

Defense Committee Head on Military Prosecutions

LD1406172395 Moscow INTERFAX in English 1111 GMT 14 Jun 95

[FBIS Transcribed Text] Moscow, June 14 (INTERFAX) — Over five months of this year the bodies of the main military prosecutor's office of the Russian Federation have instituted 82 criminal proceedings against servicemen who refused to participate in the hostilities on the Chechen territory, Chairman of the State Duma Defense Committee Sergey Yushenkov (the Russia's Choice faction) told Interfax. As many as eight criminal cases were later closed. As many as 11 servicemen are in search.

In addition, over the same period the military prosecutor's office of the Groznyy garrison has brought 73 charges with respect to servicemen who willfully left their detachments in Chechnya, Yushenkov said referring to the information which he received from the main military prosecutor's office.

Lieutenant General of Justice Stanislav Gaveto, deputy chief military prosecutor, sent to Yushenkov lists of all servicemen who were made answerable (INTERFAX has a copy of this document) and reported that in accordance with the amnesty announced due to the 50th anniversary of the Victory Day in the Great Patriotic War "now the juridical bodies are solving the issue in order to release the above mentioned servicemen from criminal responsibility under the presence of certain grounds."

Commenting on the received materials in an interview with INTERFAX Yushenkov underlined that "as combat operations in the Chechen republic, which is part of the Russian Federation, are being waged without announcement of state of emergency or martial law in violation of the Constitution, of the decree on defense and of the international law, they are lawless and the

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servicemen who refused to participate in illegal military operations are not destined to criminal persecution."

Communists Fail To Have Duma Condemn CIS Accords

LD1406235195 Moscow ITAR-TASS in English 1918 GMT 14 Jun 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — The State Duma today turned down a draft resolution proposed by the Communists in the lower house of the Russian parliament to condemn the agreement on forming the CIS signed by the Russian, Ukrainian and Belarusian leaders in Belarus in 1991.

The Communists stressed the "extremely negative political and economic effects" of the agreement and insisted that the chamber press the President and the government to "carry out practical measures to strengthen the economic, social, legal and other ties postulated in agreements between the former republics of the Soviet Union".

They also demanded that the Duma committees be intrusted with "working out a conceptual framework for the creation of an economic, customs, financial and military union between the Russian Federation and the Republic of Belarus with the participation of all CIS states willing to join the Union.

The draft document proposed by the communists also provided for the Duma committee on legislation and court reform to "prepare a conclusion with regard to the legitimacy of the resolution concerning the denunciation of the Treaty of formation of the USSR, which was adopted by the Supreme Soviet of the Russian Federation on December 12, 1991.

Only 197 Duma deputies voted in favour of the resolution proposed by the communist faction, while 17 people voted against and three abstained. The rules require a 226-vote majority to pass a resolution.

The lower house also failed to adopt an appeal to the peoples and parliaments of the Commonwealth member-countries "to apply all efforts to ensure real rapprochement between CIS member-states in the economic, political, military, diplomatic, informational and other fields".

Further Reportage on Duma Election Law

Yeltsin Prepared To Sign Law

LD1406163995 Moscow ITAR-TASS in English 1323 GMT 14 Jun 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — The Federation Council voted 76-26 with 13 abstentions on Wednesday to reject a compromise law on elections to the State Duma worked out by a conciliatory commission last week.

Earlier today, the Council Committee for Constitutional Legislation recommended the upper house of parliament to approve the law. Similar appeals were made at a joint session of the two houses on Tuesday [13 June] and State Duma delegates urged the Federation Council to support the law in order "not to lead the work on it into a deadlock and not to disrupt the elections scheduled for December 12."

President Yeltsin's aide Georgiy Satarov told deputies that the president considered the conciliatory commission's decision "acceptable" and was ready to sign the law he had previously rejected if the Federation Council supported it.

However, the Federation Council stood its ground, demanding that the 225-225 scheme be changed in favour of independent candidates because, it claimed, it infringed upon regions' rights.

Federation Council Chairman Vladimir Shumeyko said the Council was seeking to ensure "regional representation in the State Duma and the conciliatory commission managed that." He said he was against postponing the elections, adding that "if they take place on time, the whole world will see that we respect our Constitution."

Supporters of the law admitted that the law was not perfect, but its new rejection would lead to "further delays and we will go in circles."

Duma deputy Viktor Sheynis, a member of the conciliatory commission, told ITAR-TASS that if the Federation Council did not change its mind after the break, the State Duma "will have only try to overcome its veto." In order to overrule the Federation Council's decision, the lower house will need 300 votes.

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Federation Council To 'Re-Vote' Law

LD1406195195 Moscow ITAR-TASS in English 1923 GMT 14 Jun 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — The Federation Council decided to re-vote a law on elections to the State Duma on Thursday [15 June] when legislators "cool off a little bit."

The motion was supported by 77 deputies, including the chairman of the Council Committee for Constitutional Legislation.

Council chairman Vladimir Shumeyko said if the State Duma gets the necessary 300 votes to overrule the upper house's decision, the law "will go to the president bypassing the Federation Council and the upper house will become isolated from this process."

He stressed that the Council was seeking to ensure "regional representation in the State Duma and the conciliatory commission managed that." He said he was against postponing the elections, adding that "if they take place on time, the whole world will see that we respect our Constitution."

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Deputy Comments on Council Veto

LD1406210195 Moscow INTERFAX in English 1647 GMT 14 Jun 95

[FBIS Transcribed Text] Moscow, June 14 (INTERFAX) — The State Duma will most likely try to bypass the Federation Council's veto on the law "On Elections to the State Duma," deputy Viktor Sheynis of the Yabloko faction told INTERFAX Wednesday.

Sheynis said "if the Federation Council does not change its decision (which is theoretically possible, if procedural violations while voting are revealed — IF note), the State Duma will have no other way out than to return to the issue."

On May 11, the lower house of the Russian parliament bypassed the Federation Council's previous veto on the document with 302 votes.

Sheynis did not doubt that it was possible to garner 300 State Duma deputy votes on this issue. After that, the law will be submitted for approval by the Russian president, who had vetoed the previous version of the draft law in late May. "However, it will be difficult for Boris Yeltsin to impose another veto now," he supposed.

Sheynis explained his confidence by saying that according to presidential aide Georgiy Satarov, Yeltsin was quite satisfied with the new version of the document. "It also takes into account the Russian president's amendment on wider representation of regions in party lists," he added.

A plenary session of the State Duma may consider the issue already next Friday, Sheynis said. However, he said he would prefer to discuss it later due to the fact that Chairman of the State Duma Legislation Committee Vladimir Isakov is on a business trip, while it is Isakov who is the right one to make a report on the issue, Sheynis said.

Duma Likely To Override Council Veto

MK1506075095 Moscow SEGODNYA in Russian 15 Jun 95 p 1

[Report by Yelena Tregubova and Petr Zhuravlev under the "Federation Council" rubric: "Federation Council Is Short of Votes To Approve Law on Elections. Duma Representatives Plead and Threaten"]

[FBIS Translated Text] The Federation Council turned down the law on elections for the State Duma yesterday, but it will be considered again today on demand from a number of senators.

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The results of yesterday's roll-call voting show than more than half of the 26 senators opposing the law are heads of regional executive branches. They are urging cuts in the number of Duma seats distributed in accordance with party lists. As one senator admitted, the majority system enables regional leaders "to better control elections." Besides, Tatarstan President Mintimer Shaymiyev (who abstained) stated it would be wise to wait and vote on the law on elections for the Duma together with a law on forming the Federation Council.

Yelena Mizulina, deputy chairman of the legislation committee, cautioned her colleagues that "they would have to take the blame for a possible disruption of the elections." Vladimir Shumeyko blamed them for wishing to shrink from solving the problem. Some other Federation Council members think the governors had simply been pressured by the "presidential structures" interested in "political instability."

Duma deputy Viktor Sheynis promised the journalists in the corridor that unless the senators "come to their senses," the lower house at its next sitting will raise the question of overriding the veto. He focused on a lack of professionalism in a number of Federation Council members and stated that he would insist on passing a law on forming the upper house that would provide for the work of senators in it on a permanent basis. Vladimir Zhirinovskiy, who addressed the senate in an uncharacteristically calm manner, asked Federation Council members to pass the law after all.

Federation Council Approves Law

LD1506070995 Moscow ITAR-TASS World Service in Russian 0637 GMT 15 Jun 95

[By ITAR-TASS parliamentary correspondent Lyudmila Yermakova]

[FBIS Translated Text] Moscow, 15 Jun (ITAR-TASS)— The Federation Council today approved the law on the election of State Duma deputies drawn up by the conciliation commission and passed by the State Duma on 9 June. The law was passed by 113 votes, with nine votes against and three abstentions.

Yesterday after a heated debate on the law the Federation Council rejected it. At that time only 76 votes were cast for the law. After the interval, however, the deputies decided to return to the discussion of the law, having realized if its adoption is delayed election could be postponed.

Duma Queries President's Budget Edict

MK1506081095 Moscow SEGODNYA in Russian 15 Jun 95 p 2

[Report by Aleksey Kirpichnikov in the "Exemptions" column: "The Duma Doubts the President's Budget Edict and Simplifies Taxes for Small Businesses"]

[FBIS Translated Text] The Duma has again troubled the Constitutional Court with a query on the conformity of the president's edict "On Measures to Strengthen Financial Discipline in Budget Execution" to the Fundamental Law.

On 24 February Boris Yeltsin ruled that decisions by the executive branch on reducing federal budget revenues or increasing its expenditures may only be made based on presidential edicts. He canceled the earlier approved expenditures not provided for by the 1995 budget and revised tax and customs exemptions established by earlier presidential and government decisions.

According to Duma members, regulation of budget clashes via edicts by the head of state contradicts the Constitution because the latter provides that this sphere comes under the jurisdiction of the Federal Assembly.

The resolution of another question related to taxes passed more smoothly. The Duma approved in first reading the government draft "On Simplifying the System of Taxation and Accounting for Subjects of Small Entrepreneurship." According to Finance Minister Vladimir Panskov, in the past two years in Moscow alone the number of small taxpayers has approximately doubled. Many of them, however, are unable to keep qualified bookkeepers on payrolls, which in the context of an entangled tax legislation often leads to mistakes in assessments, the imposition of fines, and the closure of an enterprise.

The law applies to small enterprises with a staff of up to 15 people regardless of ownership form or the type of economic activity, and to individuals. Plans call for issuing special licenses.

The streamlined system provides for only one tax: 10 percent to the federal budget and not more than 20 percent to the budget of the Federation component and the local budget. Thus, the maximum aggregate size of the sole tax will be 30 percent, which, according to Panskov, is substantially lower than its current average level: 50 percent.

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Federation Council Approves Pension Law

LD1506083295 Moscow ITAR-TASS in English 0814 GMT 15 Jun 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] Moscow, June 15 (ITAR-TASS) — The Federation Council resumed today the discussion of the draft law "On increasing minimal pensions and on the procedure for the indexation and recalculation of state pensions in the Russian Federation," rejected by it before, and finally adopted it. During the first voting the Federation Council supported the stand of the government, which maintains that a large sum of money, needed for increasing pensions, is not envisaged in the federal budget.

Some members of the upper chamber of parliament stated, however, that they would look worse than the State Duma in the opinion of the population, because the Duma approved the law. This proved to be the decisive argument, and the Federation Council voted again.

Now the minimal old-age pension will be 52,486 rubles. The law envisages as well the increase of all pensions by 1.2 times.

State Duma Rejects New Version of Land Code

LD1406210495 Moscow INTERFAX in English 1647 GMT 14 Jun 95

[FBIS Transcribed Text] Moscow, June 14 (INTERFAX) — In a roll-call vote, the State Duma rejected the new version of Russia's land code Wednesday. A total of 177 votes were cast in favor and 103 against the document, with seven abstentions. The number of votes required for a decision to pass is 226. The State Duma rejected the first version of the draft law on March 22, 1995.

Presenting the document, Chairman of the State Duma Agrarian Committee Aleksey Chernyshov emphasized that the draft law was based on the constitutional provision that land in Russia "can be either state, municipal or private property."

According to the draft law, individuals and legal entities are entitled to own lots of land for agricultural production, gardening, cattle-breeding, individual housing or garage construction, rest or recreation. Land may be privatized both for money and free of charge.

Chernyshov said the draft law contained "reasonable restrictions and norms on sale and purchase of land." Agricultural land cannot be purchased as property, he added. Instead, it may be leased for 50 years. Leasing such land and "any transfer of a farm from one family to another" must be accompanied by "an obligation to farm for at least 10 years," that is a moratorium imposed on its sale for this period, he said.

The State Duma split over the draft law. If a member of the Communist faction, Viktor Shevelukha, protested against the possibility of leasing land to foreigners and a number of other provisions, then a representative of Russia's Choice, Ivan Starikov, believes that the draft law's main goal is "to prevent real land trade, except for small pieces of land."

Deputy Prime Minister Aleksandr Zaveryukha reminded the deputies that agrarian reform "had been proceeding in Russia without such a basic law as the land code" and that private property of land was envisioned by Russia's Constitution. He emphasized that "locally, they move ahead of the State Duma," while the government "had found itself in a deadlock when trying to solve the agro-industrial complex's difficulties without this draft law."

Agrarians, 'Choice' May Join To Pass Code

MK1506093095 Moscow SEGODNYA in Russian 15 Jun 95 p 2

[Report by Natalya Olenich under the "Failure" rubric: "The Duma Has Rejected the Land Code Again. The Agrarians Will Have To Change Their Allies —Communists for 'Russia's Choice' Members"]

[FBIS Translated Text] Yesterday, deputies turned down the revised Land Code submitted by the Agrarian Issues Committee. True, the main difference between the new version and the old one, which was rejected by the Duma in late March, is, in fact, in the ban on the purchase and sale of land in large cities. Despite this, the communists — whom the agrarians had attempted to mollify — still spoke against adopting the Code, since even the purchase and sale of plots for gardening and garage-building did not suit the unfailing proponents of banning any private property on land. "Russia's Choice" was also categorically against the adoption of the law, but for the opposite reason: In the opinion of its members, the Code in its present form does not fully stipulate private ownership of land, since agricultural lands — like plots in cities — are subject only to long-term lease.

As stated sadly by Nikolay Kharitonov, deputy chairman of the Agrarian faction, "the political heterogeneity of the Duma does not permit it to adopt this law," although, in his words, the majority of Federation components, having been questioned on this issue in the course of the Code's preparation, were for instituting private property on land. As for the free purchase and sale of agricultural land, the majority of Agrarian Issues Committee members, who voted on this problem in

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written form, agreed that they should not be privately owned and that the state must regulate the turnover of land of this category. This notwithstanding, neither the opinion of Federation components; nor the appeals of the chairman of the State Committee for Land Resources and Land Utilization, who urged the adoption of this vitally important document; nor the attempts by Tamara Tokareva, a member of the Duma Agrarian Issues Committee, to convince deputies that the Land Code developed by them was "well-balanced and centrist," could persuade deputies. Now, to let the Land Code through the Duma after all, the agrarians will most probably be seeking a compromise with "Russia's Choice" members, since — judging by the results of today's voting — any further bargaining with the communists is senseless.

Duma Adopts Law on Nuclear Energy Use

LD1406192695 Moscow ITAR-TASS in English 1400 GMT 14 Jun 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — The State Duma has approved on the whole a law on the use of nuclear energy.

The new law regulates all activity in the field of nuclear energy, including scientific research, planning, putting nuclear facilities, sources of ionising radiation, and waste burials in and out of service. It lays down the rules for handling radioactive materials and waste.

The document prioritises environmental and human safety and defines liability for inflicting damage to either or both through improper use of operating and storage facilities.

The law permits all kinds of proprietors to participate in the use of nuclear energy and demands openness of, and publicity for decision-making where the building and location of nuclear power installations, sources of ionising radiation and storage facilities for nuclear materials are concerned.

The law defines requirements to be met by the state bodies in charge of guaranteeing safety in the use of nuclear energy. It provides for state control over the radiation background in the Russian Federation.

The document establishes a special procedure for adopting decisions concerning the location and construction of nuclear installations, sources of ionising radiation and nuclear storage facilities.

Duma Adopts Law on Sharing Final Products

LD1406190295 Moscow ITAR-TASS in English 1249 GMT 14 Jun 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow, June 14 (ITAR-TASS) — The State Duma adopted today, on the whole, the federal law "On agreements about the sharing of final products." The law creates a legal basis for relations, connected with Russian and foreign investments in the prospecting, exploration and extraction of mineral raw materials on the territory of the Russian Federation, as well as on the continental shelf and in the exclusive economic zone of Russia on the terms of agreements about the sharing of final products.

According to the law, an agreement, under which the state grants to a subject of the economic activities (investor) on the repayment basis and for a definite period of time the exclusive right for the prospecting and production of mineral raw materials in the part of the subsurface, mentioned in the agreement, and/or the operations connected with it, will be exactly the agreement on the sharing of final products. The investor pledges to carry out that work and take all the risk involved. The agreement sets all the terms, connected with the use of the subsurface, including the terms and procedure for sharing final products between the parties concerned.

The agreement may be concluded by the state with the winners of tenders or auctions within the time limit, agreed upon by the sides, but no later than a year after the results of the tender or the auction are announced.

However, agreements may be concluded without the holding of a tender or an auction in the situations, when the defence and security interests of the country, or other state interests of Russia call for concluding an agreement with a definite subject of economic activities and when the declared tenders or auctions were recognised as invalid, because only one subject of economic activities took part in them.

The law says that the terms of the use of the subsurface will be worked out, and agreements on each facility using the subsurface will be drafted by the commission, created by the Russian Government on coordination with executive bodies of the corresponding subject of the Federation.

The law says that part of the products which, under the agreement, is the share of the investor, belongs to him as his property.

Aside from it, the document says that the state will guarantee to investors the protection of their property

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and other rights, acquired and exercised within the framework of the agreements.

Decree To Boost Inter-Slav Cooperation Signed

MM1406140195 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 14 Jun 95 p 3

[State Duma Decree No. 813-1 "On the Economic, Political, and Cultural Cooperation of the Slavic Peoples" signed by I.P. Rybkin, chairman of the Russian Federation Federal Assembly State Duma, in Moscow on 26 May]

[FBIS Translated Text] Given that the economic, political, and cultural ties of the Slavic peoples constitute an important factor of international stability; aware that the development of economic, political, and cultural ties is in the interests of the Slavic and other peoples; cognizant of the fact that the economic, political, and cultural cooperation of the Slavic peoples is a priority area in the Russian Federation's policy; and mindful that the economic, political, and cultural cooperation of the Slavic peoples has considerable untapped potential, the Russian Federation Federal Assembly State Duma decrees that:

The Russian Federation president and the Russian Federation government are to take necessary measures to enhance the effectiveness of the economic, political, and cultural cooperation of the Slavic peoples.

[Signed] I.P. Rybkin, chairman of the Russian Federation Federal Assembly State Duma [Dated] 26 May 1995, Moscow, No. 813-1 SD

Regional Affairs

Further on Hostage Standoff in Stavropol Kray

Stepashin Flies to Budennovsk

LD1406170195 Moscow ITAR-TASS World Service in Russian 1635 GMT 14 Jun 95

[By ITAR-TASS correspondent Olga Semenova]

[FBIS Translated Text] Moscow, 14 Jun — On the instruction of the Russian president, Sergey Stepashin, director of the Federal Security Service [FSB], is flying out immediately to the Budennovsk area to find out about the situation in the North Caucasian region, a FSB spokesman told an ITAR-TASS correspondent.

He declined to specify the task given to the FSB director by Yeltsin, merely emphasizing that it does not amount to taking part in running the operation to rescue the hostages and to disarm the terrorists. Nor did the FSB spokesman directly link Yeltsin's instruction with threats by Dudayev's fighters to switch to operations in other Russian territories following the loss of its latest populated area in Chechnya.

Soskovets Chairs Meeting on Events

LD1406182395 Moscow ITAR-TASS World Service in Russian 1738 GMT 14 Jun 95

[By ITAR-TASS correspondents Oleg Velichko and Andrey Serov]

[FBIS Translated Text] Moscow, 14 Jun — Sixty patients of the municipal hospital and about 100 staff members of the municipal administration are being held hostage by the bandits in Budennovsk. This was announced at an extraordinary conference here chaired by Deputy Prime Minister Oleg Soskovets devoted to the events in Budennovsk. Taking part in the conference are representatives of the power structures — the Interior Ministry, the Federal Intelligence Services, and the Federal Border Services.

If just one of the fighters is killed then the criminals threaten to shoot all the patients, it was announced at the conference. Twenty members of the local militia have been killed in Budennovsk. The main demand of the terrorists is the withdrawal of federal troops from Chechnya.

Opening the conference, Soskovets said that President Boris Yeltsin is closely following the situation in Budennovsk. Special "Alpha" and "Vega" units and OMON [Special Purpose Militia Detachment] units have been sent to Budennovsk.

Army Places Troops on Alert

AU1406183695 Paris AFP in English 1827 GMT 14 Jun 95

[FBIS Transcribed Text] Moscow, June 14 (AFP) — Russia placed its troops in the northern Caucasus on a state of alert Wednesday [14 June] following an attack by suspected Chechen rebels on a town in southern Russia, a senior official said.

Deputy Prime Minister Oleg Soskovets said security had been beefed up around government buildings in Moscow and on the outskirts of the city.

'Terrorists' List Demands

LD1406195695 Moscow Russian Television Network in Russian 1900 GMT 14 Jun 95

[From the "Vesti" program]

[FBIS Translated Text] I have just received information that says that the hospital's chief doctor in Budennovsk has succeeded in making contact with law enforcement

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bodies. He spoke about the demands that have been advanced by the terrorists: first, an urgent meeting between Boris Yeltsin, Viktor Chernomyrdin and Dzhokhar Dudayev; second, cessation of military activities in Chechnya and the pullout of federal troops from Chechnya. The terrorists threaten to blow up the hospital and maternity home if these demands are not met.

Government Statement on Incident

LD1406203395 Moscow ITAR-TASS World Service in Russian 1931 GMT 14 Jun 95

[FBIS Translated Text] Moscow, 14 Jun -- Today, the Russian Government issued a statement. The full text of the statement follows:

"On 14 June, a group of armed terrorists carried out a villainous attack on the town of Budennovsk situated in the immediate proximity of the administrative border between Stavropol Territory and the Chechen Republic. This terrorist act was carried out by Dudayev's militants.

"Hostages have been taken, and blood of innocent people has been shed. There are casualties among civilians. We offer our deep condolences to the near and dear of those killed. At this sorrowful hour, we share their grief. Necessary help will be rendered to all the victims.

"The law enforcement bodies have taken all the necessary measures to render harmless and eliminate the terrorists. The situation in the town is under control. The operation aimed to free the hostages is continuing.

"The organizers and executors of this monstrous provocation staked on destabilizing the situation in North Caucasus and stirring up interethnic strife. They will not succeed! No 'guerrilla war' will be brought to Russia. The provocateurs who have betrayed their own people long ago will not achieve their goals.

"The Russian Government appeals to all the citizens of Russia to stay calm, show restraint, and be vigilant.

"The grave crime committed by the terrorists in Budennovsk indicates the agony of the doomed. The inhuman and antipopular regime of Dzhokhar Dudayev and his entourage has been totally unmasked. Its military defeat has been compounded by its final moral defeat.

"We are convinced that the Chechen people will not follow the path of a gang of murderers. It will not be possible to stop the process of normalization in Chechnya. At present, this process is entering a new phase when cannons will finally fall silent, and when reason, wisdom, and conscience of the people will provide a solid foundation for a peaceful settlement.

"It is this realistic opportunity that the armed bandits tried to kill in Budennovsk. They will not succeed.

"The Russian Government will do everything possible to ensure that peace, tranquillity, and the rule of law are maintained on the whole territory of the country."

Over 100 Reported Dead

LD1406212995 Moscow Radio Rossii Network in Russian 2000 GMT 14 Jun 95

[FBIS Translated Text] Our Stavropol correspondent Valeriy Kuts phoned us two minutes before we went on the air and reported the latest details of the tragedy in Budennovsk.

The terrorists captured the regional hospital on the outskirts of Budennovsk with several hundred patients and newborn babies — altogether about 1,000 hostages.

The deputy head doctor of the hospital passed to the Stavropol territorial administration the demands made by the terrorists. Here they are: talks between Boris Yeltsin, Viktor Chernomyrdin, and Dzhokhar Dudayev; cessation of military actions in Chechnya; and the withdrawal of troops. Otherwise, the hospital buildings will be blown up, together with the hostages and terrorists.

Witnesses say that today the terrorists opened fire on an unarmed crowd. By now there are more than 100 dead.

New Talks Begin

LD1506055695 Moscow ITAR-TASS World Service in Russian 0324 GMT 15 Jun 95

[By ITAR-TASS correspondent Nikolay Styazhkin]

[FBIS Translated Text] Budennovsk (Stavropol Territory), 15 Jun — At 0700 hours today the emergency center for neutralizing Dudayev's terrorist group that forced its way into the steppe town of Budennovsk in Stavropol Territory about midday on 14 June began another round of negotiations on freeing the medical staff and patients forcibly held by the terrorists in the town's hospital.

This was announced by Aleksandr Korobeynikov, deputy governor of Stavropol Territory, who is working for the emergency center for neutralizing the gang. The center is headed by Nikolay Yegorov, deputy chairman of the Russian Government; Interior Minister Viktor Yerin; and Federal Security Service Director Sergey Stepashin, who have come to Budennovsk.

The gangsters' demands remain the same: the hostages will only be set free if the Russian leadership starts negotiations with Dzhokhar Dudayev on immediate end

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to hostilities in the area of the Chechen conflict and a complete withdrawal of Russian troops from Chechnya.

Hostage Talks Fail

LD1506054495 Moscow ITAR-TASS World Service in Russian 0359 GMT 15 Jun 95

[By ITAR-TASS correspondent]

[FBIS Translated Text] Budennovsk (Stavropol Territory), 15 Jun — As of 0700 hours this morning at least 17 inhabitants of Budennovsk have been killed and at least 56 wounded by the terrorists who attacked the town on 14 June. Those killed include nine law enforcement staff. ITAR-TASS learned this today from Andrey Chernenko, deputy minister for the affairs of nationalities and regional policy.

The situation in Budennovsk remains extremely tense. Although the actions of the gangs have been localized, the terrorists are still holding some 500 hostages. These include at least 300 patients from the local hospital seized by the militants.

All attempts to hold negotiations with the gangsters who seized the hospital have ended in failure. According to revised reports, there are 50 militants in the town. Eight have been killed and one captured.

Nikolay Yegorov, deputy chairman of the Russian Government; Interior Minister Viktor Yerin; Federal Security Service Director Sergey Stepashin; and Anatoliy Kvashnin, commander of the North Caucasus Military District, have arrived in Budennovsk to directly control the operation aimed at neutralizing the gangs.

Representatives of the Chechen diaspora are coming to Budennovsk from the region and from Chechnya itself to try and persuade the militants to enter into negotiations and free the hostages.

Dudayev Denies Ordering Terrorism

LD1506083695 Moscow ITAR-TASS World Service in Russian 0740 GMT 15 Jun 95

[By ITAR-TASS correspondent Nadezhda Chaykova]

[FBIS Translated Excerpt] Moscow, 15 Jun — "Not a single armed structure subordinate to me had ever had any orders or instructions to carry out terrorist actions on the territory of Russia." This statement by Dzokhar Dudayev, made overnight on the telephone, was conveyed by a representative of his specially for ITAR-TASS. Speaking of the events in Budennovsk, Dudayev also noted, in his words, that "operations of this kind can only bring the national liberation struggle of the Chechen people into disrepute."

Aslan Maskhadov, commander of Dudayev's armed formations, and Usman Imayev, former general procurator in Dudayev's government, also took part in the telephone conversation. Maskhadov supported Dudayev's position and said that "currently we are unable to wage combat or terrorist actions beyond the borders of the republic." However, Imayev said it is possible that the Budennovsk operation was carried out by "a group of Dudayev's supporters who are desperate, and not an organized unit as such."

Dudayev's Moscow spokesman denied that Shamil Basayev, the prominent field commander, took part in the terrorist operation. The spokesman said that currently he is in command of the main Dudayev forces in Vedenskiy district. [passage omitted]

Shumeyko Expects 'Tough Stance'

LD1506095195 Moscow ITAR-TASS World Service in Russian 0820 GMT 15 Jun 95

[By ITAR-TASS parliamentary correspondent Lyudmila Yermakova]

[FBIS Translated Text] Moscow, 15 Jun — The North Caucasus situation "has changed entirely" with the tragic events in Budennovsk, Federation Council Chairman Vladimir Shumeyko believes. Talking to journalists today, he stressed that acts of terrorism were condemned worldwide and that the use of terrorism by Dudayev's people "entirely changes the picture and once again demonstrates that all measures have to be taken to put an immediate stop to such manifestations of banditry."

The speaker said that the Federal Council will today be assessing the tragic events in Stavropol. At 1500 hours there will be a sitting of the Federation Council's security and defense committee. The Federation Council, according to Shumeyko, intends to adopt a statement and send it to the Russia president.

V. Shumeyko recalled that the Federation Council has always taken a "tough stance" on events in Chechnya, believing that the conflict has to be ended as quickly as possible and the affair ended peacefully."

Chernomyrdin Interrupts Vacation

LD1506091495 Moscow ITAR-TASS in English 0833 GMT 15 Jun 95

[By Irina Schegoleva]

[FBIS Transcribed Text] SOCHI June 15 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin interrupted his vacation in the Black sea spa of Sochi on Thursday and is returning to Moscow.

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His spokesman Viktor Konnov told Tass the "decision was adopted in connection with the events in Budennovsk and with the intention to meet President Boris Yeltsin nefore his departure for the G7 summit in Halifax".

This is the second time that Chernomyrdin interrupts his vacation in Sochi. The first break was caused by the devastating earthquake on Sakhalin which took a toll of nearly 2,000.

Dudayev Denies Basayev's Involvement

LD1506101495 Moscow ITAR-TASS in English 0948 GMT 15 Jun 95

[FBIS Transcribed Text] MOSCOW June 15 (ITAR-TASS) — Shamil Basayev, 30, an ethnic Chechen and the most irreconcilable of Dudayev's commanders, is heading the terrorists, who staged on Wednesday an unprecedented barbaric attack on peaceful civilians in the city of Budennovsk and who continue to hold some 1,000 people as hostages. He has under his command about 100 militants on the territory of the Stavropol Region, who are armed with revolvers, submachine-guns, grenade launchers and machine-guns, a spokesman for the federal army group in Chechnya told ITAR-TASS correspondent Nikolay Zagnoyko in Groznyy today. He said the names of many of the terrorists, blocked in the Stavropol Region, are known already.

Sergey Stepashin, director of the Russian Federal Security Service, told ITAR-TASS early in May that Dudayev was no longer controlling the situation and that Shamil Basayev who has been through the wars in Abkhazia and Nagorno-Karabakh, an experienced military commander and diehard nationalist, was now at the helm in Chechnya. Stepashin quoted Basayev as saying: "I shall fight to the end even at my vegetable garden." The phrase quickly spread all over Chechnya.

Basayev told ITAR-TASS at about the same time that, unlike the federal troops, they were using subversive methods. He expressed confidence that such tactics would force the Russian leadership to start talks on the terms that the federal troops would be withdrawn from Chechnya.

Before the war in Abkhazia, Basayev lived in Moscow. In 1986 he went to study at the Institute of Engineers of Land Utilization. According to the information of the Russian press, Basayev took part in the hijacking of a TU-154 passenger plane from the Mineralnye Vody airport to Turkey on November 9, 1991. He has the rank of a "Lieutenant Colonel of the Confederation of Caucasian Nations."

At the same time, Dudayev told ITAR-TASS correspondent Nadezhda Chaykova by telephone last night that "not a single armed unit under my command has been given orders or instructions to stage acts of terrorism on the territory of Russia." According to Dudayev, acts similar to the one staged in Budennovsk "may only discredit the national-liberation struggle of the Chechen people." However, former prosecutor-general of Chechnya Usman Imayev, also interviewed by ITAR-TASS, believes that an "unorganised group of desperate supporters of Dudayev" might stage the act of terrorism in Budennovsk.

Further on Talks' Failure

LD1506112995 Moscow ITAR-TASS in English 1115 GMT 15 Jun 95

[By Olga Semenova]

[FBIS Transcribed Text] MOSCOW June 15 (ITAR-TASS) — Talks with Chechen militants who are holding a big number of hostages in the town of Budennovsk failed on Thursday and reports hinted Russian commandos may storm the militants to free the hostages.

In the meantime, Tass learned from unofficial sources in the headquarters dealing with the attack that 40 people, including 11 policemen and one Interior soldier, were killed and 69 wounded on Wednesday.

Reliable sources told Tass that talks with Chechen militants which began on Thursday morning and involved Chechen elders "proceeded very difficultly and were soon broken". "At present there are no changes in the irreconcilable stand of the militants", the sources said while the Russian Defence ministry told Tass that its forces "are in full readiness to render armed assistance to the Interior troops" which were charged with the task of freeing the hostages. "So far there was no necessity in that", a spokesman of the ministry added.

Spokesman of the Russian Security Service (FSB) Aleksandr Mikhailov also hinted that armed force may be used to neutralise the militants. "Federal authorities do everything possible for a bloodless settlement of the hostage problem. However, this will last until the terrorists make the peaceful solution impossible", he told Tass Thursday.

Mikhailov added that he had "absolutely reliable proofs" that the attack on Budennovsk was planned and staged by Chechen field commander Shamil Basayev.

"Basayev not only designed and prepared the terrorist act in Budennovsk, but also personally participates in it. We have absolutely trustworthy data about his presence in the town no matter what Chechen sources say", he told Tass.

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According to Mikhailov, the statement by Chechen separatist leader Dzhokhar Dudayev that he had not ordered the act of terrorism which is "unprecendented in brutality" proves that the Chechen leader had lost control over his supprters. "He has no influence on certain field commanders who are becoming ever more independent, especially on those as the wild fanatic Basayev", Mikhailov said.

Dudayev Predicts 'Long' War With Russia

AU1406205695 Belgrade VREME in Serbo-Croatian 12 Jun 95 pp 30-31

[Interview with Dzhokhar Dudayev, "president of the Chechen Republic," by Toomas Kumel and Artur Talvic in the Argun and Chechen mountains; date not given: "We Need the War"]

[FBIS Translated Text] Dzhokhar Dudayev, president of the Chechen Republic, gave Estonian correspondents Toomas Kumel and Artur Talvic an interview in the Argun and Chechen mountains. The Estonian correspondents will publish the extensive interview in their book and film on Chechnya, and we are publishing a shorter version of the interview received through mediation of the STINA news agency of Split, which obtained the exclusive right to publish it.

[Kumel] Russia attacked Chechnya with large forces, but Chechnya has been resisting the Russian Army attacks for six months now. What is the secret of your success?

[Dudayev] This secret has been developed for 300 years; during all these years, the Chechens have hardened in the struggle against evil and violence committed by Russia. It is difficult to describe all the violence Russia is committing against us today. A normal man cannot understand it. How is it possible that people are thrown out of helicopters before witnesses?

How is it possible that a troop of soldiers rapes one woman? How is it possible to shell and bomb unprotected people, one's fellow- people from airplanes, helicopters and from all other weapons?

[Kumel] Russia wants to suggest to the Western world that the opposition in Chechnya has become strong now. What role does the opposition play here? We know that ordinary Chechens claim that there is no opposition at all, that there are only traitors.

[Dudayev] The whole world knows that there was no opposition here and that there is not one today either. Russia picks up groups of rascals around Russia, calls them opposition cliques, gives them all possible weapons, and pays them large sums of money. They invest a lot of money in this. Tanks, multiple rocket launchers, aircraft: "Gradi," "Smerci," "Uragans" [names as transliterated]; the crimes are prepared on special military bases on Russian territory close to the border with Chechnya, and they are performed by special Russian units and services with infiltrated Chechen criminals in order to give the impression that they are Chechens. This "Russian salad" is called the Chechen opposition. They attack Groznyy from all sides; they start with one sort of attack, then they change to another, they begin a third one, occupy a region, transfer their General Staff, destroy and occupy a part of the territory, and "in Russian" this is called "opposition," but in fact it is — "Russism".

[Kumel] What are the consequences of "Russism"?

[Dudayev] They have completely destroyed Nagorno-Karabakh. They divided Abkhazia from Georgia. They started a war with Georgia. They also stirred up a war between Armenia and Azerbaijan. All this has been done by special Russian units, the Russian Army, Russian weapons, Russian equipment.... South Ossetia has been isolated and destroyed. North Ossetia and Ingushetia have been isolated, and complete nations have been physically destroyed.

The Russian plans by the end of the year are as follows: In the Caucasus, Adzhar Republic, Abkhazia, Nagorno-Karabakh, Lezhastan — isolated from Azerbaijan and Dagestan — and South Ossetia should be under complete Russian control, which includes the legal and military control through the army and special services deployed over this territory. In the region between the Caucasus mountains and the Caspian Sea they want to settle the so-called "workers transmigrants" from the farthest north, the Far East, from the unconquered parts of the Vastok, Siberia, and the Urals. They should settle down around oil-rich and southern regions, thus pushing the Dagestan population into the upper regions, which would result in the creation of a new, predominantly Russian demographic structure. These are the plans for the Caucasus; the oil from the Caspian Sea and transporting roads would follow suit. Then Krim: A complete occupation. Then Lithuania: A corridor from Belarus to Kaliningrad Oblast would become a zone under Russian jurisdiction — and army. In Estonia: the Narva region — full of occupations. The first steps toward such a situation have already been made — military bases, an army presence, border and customs services....

If the world — I am speaking with full responsibility — does not stop this devil or if it does not make Russia a constitutional state (there will certainly never be democracy there), it will be confronted with severe shocks.

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[Kumel] There was an attempt on your life last year. How many attempts have there been, and why is Russia so afraid of Dudayev?

[Dudayev] I do not remember how many there have been. The Russian leadership is employing open terrorism; their actions cannot be called attempts any longer. Aircraft fly above the houses and destroy whole blocks in which families live.... And this is called an attempt? Maybe in Russian.

Look at the documents. Look at what kind of program for a complete destruction of the nation they have prepared, the deportation of the whole nation.... Whole towns were built in four years for the people who should move there. Special towns consisting of barracks reserved for Chechens.

[Kumel] Where are these places?

[Dudayev] Saratov, Orenburg, and Volgograd Oblasts! Two and a half years ago, the Chechen population who lives in Russia was proposed to go there since everything was ready for them there. They were told to live and work there. Russia even showed such a town on television. It is my bad fate that I knew about these plans. Look here: Chernomyrdin signs the evacuation plan, but in fact this is the deportation plan since Paragraph 8 says "without the right to return." This is the seventh time they imposed a similar journey. They deported us before, so that there are 7 million people from the Caucasus region in Turkey, and around 15 million were killed or displaced. We went through all this. We will not allow a single comparable thing any longer.

[Kumel] Many volunteers have said that if there is a war, there should be a war in Russia, too, in order to make the Russians understand that a war is going on. Why have you always opposed terrorist attacks in Russian towns?

[Dudayev] Terror is the last option. Terror is the last option for a man, and regarding national politics, one should be a paranoiac. I have already stated, and I would like to repeat, that transferring military activities to Russian territory is not only terror, it is a legal measure, too, which, however, does not depend only on me, on whether I wish it or not. Approximately 300,000 men between 17 and 50 years of age have lost their homes, their income, their jobs, and the right to live in one word. They have had only one profession for years — the military profession — and I do not have the power any longer to keep them on this tiny part of the territory. This will be a long war and it will have far-reaching consequences.

To be frank, we need the war with Russia to continue. If we burn out together with Russia, without any remains, Russia will burn out together with us! Or we shall come out of this position imposed by Russia. There is no solution in between. Russia and the world can be happy that the situation is still under control, but I shall not be desperate if it slips out of my control.

[Kumel] Why did you choose the military profession when you were younger?

[Dudayev] As far as I can remember, I could not get used to the violence that was committed on our people. So in order to test my power, I decided to try the most forbidden thing for Chechens — to become a pilot.

[Kumel] When in your opinion did the writing about "the Chechen Mafia" start?

[Dudayev] In 1989, when the preparation for the present situation started. Immediately after the first general congress was held, in which it was decided that we should become sovereign, Russia started a large-scale propaganda action against us. They wanted to swallow the Chechens. They wanted to intimidate the peoples of the USSR and the world by stating: "This is what will happen to you if you are disobedient." They wanted to get a new dress for the empire by means of violence, so they had to present the Chechens as a nation of criminals and Mafiosi.

They failed, so now they are trying to develop a completely different picture — there is no Chechen Mafia any longer, there are "Islamic fundamentalists" now. This myth has failed too. This is not important for Russia, however, Russia only wants to condemn, regardless of the fact that the difference between the Islamic fundamentalism and Mafia is insurmountable. In their godlessness they now want to present their efforts as a struggle between the Islam and the Christianity, forgetting however that Russia is not religious. The war between the spiritual world against the unspiritual Russia will spread.

Poll Rates Nizhniy Novgorod Confidence in Authorities

954F2481B Nizhniy Novgorod NIZHEGORODSKIYE NOVOSTI in Russian 27 May 95 p 5

[Article by A.A. Iudin, chairman of the applied sociology department of the Nizhniy Novgorod State University: "Spring Makes Us Kinder: Nizhniy Novgorod Residents' Confidence in Central and Local Authorities in April 1995"]

[FBIS Translated Text] On 28-30 April 1990 the 38th installment of sociological research series on current

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issues was conducted in Nizhniy Novgorod; its subject was a rating of the central and local authorities.

Confidence Dynamics B. Yeltsin—month: September; positive 26 percent; negative 43 percent

October; positive 23 percent; negative 49 percent
November; positive 26 percent; negative 52 percent
December; positive 26 percent; negative 47 percent
January; positive 15 percent; negative 61 percent
February; positive 14 percent; negative 65 percent
March; positive 11 percent; negative 68 percent
April; positive 17 percent; negative 60 percent
V. Chernomyrdin—month: September; positive 24 percent; negative 30 percent
October; positive 21 percent; negative 37 percent
November; positive 24 percent; negative 42 percent
December; positive 22 percent; negative 36 percent
January; positive 17 percent; negative 44 percent
February; positive 17 percent; negative 46 percent
March; positive 19 percent; negative 46 percent
April; positive 22 percent; negative 40 percent
B. Nemtsov—month: September; positive 55 percent; negative 16 percent
October; positive 61 percent; negative 17 percent
November; positive 54 percent; negative 23 percent
December; positive 49 percent; negative 21 percent
January; positive 55 percent; negative 17 percent
February; positive 59 percent; negative 19 percent
March; positive 50 percent; negative 19 percent
April; positive 50 percent; negative 16 percent
I. Sklyarov—month: September; positive 33 percent; negative 14 percent
October; positive 38 percent; negative 14 percent
November; positive 40 percent; negative 15 percent
December; positive 34 percent; negative 16 percent
January; positive 31 percent; negative 12 percent
February; positive 35 percent; negative 16 percent
March; positive 33 percent; negative 18 percent
April; positive 39 percent; negative 12 percent

We should note here some peculiarities of the April survey. First, it was conducted right on the eve of two major traditional Soviet holidays: 1 and 9 May. Also, the survey began during the final period of the Easter festivities, which, unlike the old days, is celebrated in a very spirited manner these days. Finally, the survey began at a time of unseasonably warm and mild weather. All of this apparently had an impact on the survey results, albeit not a decisive one.

The Nizhniy Novgorod population's attitude to different levels and branches of authority did not change in April; as before, the performance of the local executive authorities is appraised overall positively, and that of the central executive authorities—overall negatively. The oblast governor and the Nizhniy Novgorod mayor continue to lead with the consistently lowest negative rating.

Speaking of the central authorities' ratings, it should be noted that the prime minister's performance is rated noticeably higher than that of the president. Nizhniy Novgorod residents' confidence in V. Chernomyrdin is perceptibly higher in April than their confidence in B. Yeltsin. This trend—V. Chernomyrdin's higher rating—has been consistent over the entire current year.

The ratio of appraisal of the prime minister's performance and confidence in V. Chernomyrdin, on one hand, and the president's performance and confidence in B. Yeltsin, on the other, remains stable—people in Nizhniy Novgorod traditionally are more specific in appraising the politicians than the positions they hold.

But the highest rating among federal level politicians was still given to G. Yavlinskiy. This is very noteworthy, because people in Nizhniy Novgorod still do not trust Moscow politicians. And they continue to display the most hostile attitude toward V. Zhirinovskiy.

Nizhniy Novgorod residents traditionally rate the performance of local organs of authority (and, correspondingly, their confidence in their leaders) considerably higher. The special distinction of April is that confidence in local organs of authority and their top officials returned to the February level, or higher: The local leadership's conflict with A. Klementyev no longer concerns Nizhniy Novgorod residents at all, and this factor ceased to influence their opinion. True, their confidence in A. Kozeradskiy remained at the previous level, but this is not at all related to the local legislative assembly's activities. Nizhniy Novgorod residents are not terribly interested in the work of local organs of authority and their leaders, and the rating of their performance is still overshadowed by that of the executive organs of authority. Even such a significant event as the adoption of the oblast charter, which took place in April, did not influence this rating.

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The removal of tension in the conflict between the local authorities and A. Klimentyev restored loyalty to the February level—the most favorable month in this sense in the current year. According to the survey results, the respondents formed four groups: those loyal to the central authorities (Group 1), those not loyal to the central authorities (Group 2), those loyal to the local authorities (Group 3), and those not loyal to the local authorities (Group 4). The loyal groups are somewhat larger in size in April than in February. In our opinion, the factor that most influenced this was the preparations for the holiday. In characterizing the loyalty or lack thereof on the part of Nizhniy Novgorod residents, it should be noted that the material component of their attitude toward the authorities is becoming increasingly prominent. For instance, Group 1 members see the greatest positive changes in their lives over the past year; those loyal to the local authorities see somewhat less such change. Those in Group 4 are in the most difficult situation.

Appraisals of their own future prospects are similarly distributed. Here too, those loyal to the central authorities are most optimistic, and those not loyal to the local ones—the most pessimistic. Over the past few years the purely political component of the outlook has become increasingly less expressive, and characteristics of socioeconomic outlook—increasingly more prominent.

Apparently, the size of the group loyal to the local authorities can be explained to a large extent by the fact that Nizhniy Novgorod residents consider the local executive authorities competent and believe that these authorities are implementing real measures to improve the situation of broad strata of city residents.

In any case, those loyal to the local authorities clearly indicate a preference for local leaders as compared to central authority leaders. Interestingly, Nizhniy Novgorod residents loyal to the central authorities are also loyal to the local ones, and they actually have more confidence in the leading city and oblast officials than those loyal to the local authorities. But even in their position there is a clearly identifiable centripetal trend: They are less interested in the leaders of the representative authority than in those of the executive branch, and even less so in the second in command.

The greatest lack of loyalty registers in people not loyal to the local authorities. This group of people psychologically is the most tense: They no longer believe anyone and are unhappy with the performance of all organs and branches of authority without exception.

Rutskoy Nizhniy Novgorod Visit Detailed

954F2481A Nizhniy Novgorod NIZHEGORODSKIYE NOVOSTI in Russian 26 May 95 p 1

[Report by Ye. Maslova under the "Visits" rubric: "To Become a Russian"]

[FBIS Translated Text] Some analysts place Aleksandr Rutskoy, former vice president of Russia and currently chairman the Social-Democratic People's Party and leader of the Derzhava social- patriotic movement, among B. Yeltsin's chief rivals in the upcoming fight for the presidency—provided, of course, the current president decides to run for a second term.

Evidence of A. Rutskoy's continuing popularity among the people was provided by the first of the scheduled Nizhniy Novgorod meetings, which took place on 23 May at the Imeni Ordzhonikidze Culture House. The auditorium, including the upper balcony, was crammed to capacity, and the more than two-hour long speech was repeatedly interrupted by applause, albeit not exactly rousing up a storm.

This is not hard to explain. The figure of Aleksandr Rutskoy—an Afghan war hero, Lefortovo prisoner, and a man in open opposition to the current authorities—undoubtedly carries some romantic attraction. But this is not the main point. His idea of Russia as a great power and the greatness of the Russian nation, coupled with a model for the revival of Russia, quite well outlined both as a whole and in particulars, has struck a chord with many Russians. The meaning of the idea is I. Severyanin's poetic line which Aleksandr Vladimirovich has found: "It is not enough to be born a Russian. You have to BE one, you have to BECOME one."

We do not have the space, and frankly, do not see any particular need to relate even in condensed form the guest's civic and political position he presented to the audience. Especially considering that it is described in detail, in about the same words and expressions, in his new book "Gaining Faith," which the author brought to Nizhniy Novgorod (along with "Lefortovo Protocols," published earlier) for sale. We will only illuminate a few highlights of the meeting.

Promotion of the book he brought with him, as well as what Rutskoy is currently working on, took up a substantial chunk of the guest's speech. He admitted that through this commercial undertaking he hopes to collect some money to expand Derzhava's activities. According to him, the movement currently has 62 officially registered organizations in the country, with a listed membership of more than 900,000. The movement is gathering momentum, and in its leaders' reckoning,

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by the beginning of the election campaign will gather under its banner a 1.5 million-strong army of supporters. In his election campaign Rutskoy is counting more on the movement than on the party, apparently coming increasingly firmly to the conclusion that the average statistical Russian citizen does not particularly want to sort out the finer points of diverse political platforms.

Rutskoy was extremely cautious in expressing either sympathy or antipathy for the communist movement and Marxist-Leninist ideology. On one hand, he firmly brushed off "the persistent desire of the mass media to present him as a vehement anticommunist." On the other, he also indirectly distanced himself from endorsing Marxist- Leninist theory, answering a direct question: "Are you for or against it?" evasively, in the spirit of the "Chapayev" movie: "I am for the people, who in the end must find their own way of life."

A more definite statement came from Workers' Nizhniy Novgorod, which in the evening of the same day organized a "live advertising of Rutskoy's visit" on the plaza in front of the Minin monument downtown, exhorting Nizhniy Novgorod residents through a loudspeaker to take part in the meetings with him....

Novosibirsk Television Empire Examined

954F2504A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 6 Jun 95 p 3

[Article by Viktor Russkikh: "Formation of Novosibirsk Television Empire Nears Completion"]

[FBIS Translated Text] VECHERNIY NOVOSIBIRSK has learned that today, 6 June, the licensing commission of the Federal Television and Radiobroadcasting Service (FSTR) will reach a decision on the question of broadcasting on the sixth television channel in the city of Novosibirsk. The question under consideration concerns the appearance of yet another television company, whose television programs practically all television viewers will be able to watch. The piquancy of the situation lies in the that the channel under number 6 is the last free channel in the city of Novosibirsk which will be accessible to a majority of viewers. In the future, obviously, development will continue in the decimeter television band, reception of which is limited at present.

Take a look at the television map of Novosibirsk. You will find two powerful private television companies on it holding the main section of the local airwaves and, accordingly, the main section of the viewing audience. There is also, of course, the Novosibirsk State Television and Radio Company, which achieved a very solid success the other day: It acquired a license for the right to broadcast on the eighth channel (second program) during the most popular viewing time—on weekdays from 0730 to 0830 and from 1800 to 2300.

But we are talking today about commercial television companies. Thanks to their vigorous activity, it is difficult to call our beloved city a television backwater: Today Novosibirsk is the third television empire in the country. The lion's share of the services in acknowledging this fact belongs to the television companies NTN and Mir.

The NTN television company broadcasts on Channels 4 and 12, the Mir television station—on Channel 10.

The NTN television company was founded by two Novosibirsk firms— Laboratorium and Interprays.

The rumors making the rounds in television circles concerning a dispute between the bosses of NTN and the change in the face of the channels that followed led only to an increase in the piece of the advertising pie falling to the share of the television company, and by no means to its collapse.

The term Mir telecompany exists mainly in the imagination of viewers, inasmuch as the license for broadcasting on Channel 10 is owned by the Park Editorial Office, whose founders are physical persons.

The creative competition of the two channels NTN and Mir, and also the Novosibirsk GTRK [state television and radio company], has given television viewers a diversity of programs and films, and advertisers, a choice of various services.

It is this situation that today, 6 June, could sharply change, if the FSTR licensing commission decides the question on the issuance of a license to the sixth channel in favor of the NTSC television company. But what will happen in this case?

In participating in the competition for the broadcasting right, NTSC concluded a contract with the owner of the license for the Channel 6 frequency issued by the Ministry of Communications; that is, the owners of the registered television transmitter—AOZT [closed type joint-stock company] Klon. We see on the list of Klon founders physical persons who are well known on the staff of founders of the Park Editorial Office.

If readers had occasion to glance at the founding documents of the NTSC television company, they would see that some of the physical persons who founded this television company are also founders of the Interprays firm, which, we will recall, is co-owner of the NTN television company. One of the founders of NTSC and vice president of NTN, accordingly, is also the very same person—Yakov London.

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But this is not all. Development of the decimeter television band is taking place in the city, and the ARM firm has a license to one of the decimeter channels. It is not difficult to guess that one of its founders is the very same Yakov London. The business qualities of this person are to be sincerely respected, which VECHERNIY NOVOSIBIRSK does, but is his influence on the audience of a city of a half million people not too big?

I believe the process of formation of a Novosibirsk television empire is being completed today. The situation in the FSTR commission makes it possible to speak of this. There NTSC undoubtedly possesses much better chances than its rivals in the competition—the information agency N-sk, which can brag about outstanding television programs but not about an ability to participate in the competition.

Here I would like to make a "lyrical digression." It was believed at one time that the right to issue licenses for broadcasting on local television channels had been transferred to the provinces. That is, a corresponding commission was created in Novosibirsk, whose members were the deputy governor, the representative of the local state television and radio company, the leaders of artistic unions and other respected people who, talking between ourselves, watch television every day and who know perfectly well which channel offers what to the residents of Novosibirsk. However, to this day the commission in fact has not started work, and Moscow once again assumed full responsibility for making the decision.

It happened this way. Igor Ivanov, chief of the FSTR licensing department, sent a letter to the oblast administration in which he delegated some of his authority to the oblast and requested that it establish its own commission on the spot to resolve the question of the sixth channel, thereby evoking a wave of enthusiasm among various creative television groups and even among the local people's deputies. Even the governor of the oblast himself—Ivan Ivanovich Indyuk—did not remain aloof, displaying an interest in this question. For information, it should be mentioned that the Slovo television and radio company exists in Novosibirsk; it was founded by the oblast soviet of deputies, but it has not gone on the air even once in the two years of its existence because of the absence of free air space.

And so imagine: After the situation concerning the local television commission was worked out and approved, after its members were appointed, and after everything was ready for work, adoption of the decision on the issuance of a license for broadcasting on Channel 6 went to Moscow. Why was this?... In this kind of situation, a person who has already received three licenses in Moscow and who understands the system of work of the commission very well has a clear advantage over a competitor.

For those interested in the situation in the commission, I can recommend the article "The Licensing Commission—A Huge Panama Hat," published in OBSHCHAYA GAZETA No. 21. Aleksey Simonov, chairman of the Fund for the Protection of Glasnost, answered questions—he is simultaneously deputy chairman for licensing of the Federal Television and Radiobroadcasting Service. Here are just two short quotes: "Thus, we worked on the assignment of radio frequencies on the FM band, very prestigious in Moscow, and two competitions were announced. Having announced the competitions themselves, the licensing department of the FSTR forgot about the main thing—the conditions. As a result, the competitions were conducted entirely without them! Whoever heard of such a thing? However, they voted. Did it matter to anyone?... At the same time I will not conceal the fact that I was an object of intensive cultivation by the competitors for the frequencies.

"....Incidentally, after the very first meeting a banquet was arranged for members of the commission in the FSTR building on Pyatnitskaya Ulitsa in Moscow. I immediately asked: At whose expense. They happily answered: At the expense of the winners. But, excuse me, how could they have arranged it so quickly, if they just found out about their victory?..."

Thus, one can assume that, starting today, all commercial channels that are accessible to the mass of television viewers (and also those that are less accessible) will in fact be managed in Novosibirsk by one group of people.

To the rhetorical question of whether or not the consumer-viewer and the advertiser will win in this situation, history has repeatedly provided an answer, one that led to the appearance of antimonopoly legislation.

Where is it this time?

Economic Issues

Controversy Over Bank Consortium Proposal Continues

95P50128 Foreign Broadcast Information Service Media Analysis

[FBIS Media Note] In October of 1994, (ITAR-TASS World Service, 3 May 95) a consortium of nine of Russia's commercial banks proposed to provide credits to help the Russian government cover its budget deficit in exchange for large packages of shares in government owned enterprises slated for privatization, which

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the banks would hold as collateral. Russian central media continues to report the controversy surrounding the proposal and the differences of opinion among government officials, economists, and businessmen. Press reports reflected the confusion as the government wavered between acceptance and rejection of the consortium's offer. This report summarizes press commentary on the banks' proposal during April, May, and early June 1995. For further background on the issue, see the FBIS Trends of 12 April 1995, "Big Russian Banks Offer Privatization Bailout to Government."

Several high-ranking economic officials have spoken out in favor of the banks' proposal in recent weeks.

— Presidential aide Aleksandr Livshits discussed the banks' proposal at a 3 May news conference, reported by ITAR-TASS, who quoted him as saying that "we supported the idea," and "currently the specific terms of the agreement are being discussed." Livshits reportedly viewed the banks' proposal as significant, commenting "that for the first time during the years of reform major Russian banks are prepared to lend the government money in large amounts for a lengthy term." Livshits was also quoted by influential commentator Aleksandr Bekker in his 5 May article in SEGODNYA. Citing Livshits' characterization of the income from privatization so far as a "complete failure," Bekker commented that "evidently, the government is favorably disposed to the bank consortium's initiative,.." and suggested that Livshits himself was pleased with the situation in which the government is the only seller of private property and there are many buyers."

— Finance Minister Vladimir Panskov also supported the consortium's proposal. According to an 11 May INTERFAX report, Panskov told that service's Financial Information Agency that the Ministry of Finance "supports, though with some reservations, the proposal of the consortium..." and added that he was going to sign "a package of documents in the near future stating the principled position of the Finance Ministry supporting the idea." A report in the 12 May SEGODNYA also quoted Panskov as supporting "on the whole" the proposed plan. However, according to Panskov, the problems which remained to be ironed out "are currently seen by the government as a rationalization on turning down the Bank consortium's offer." This statement was quickly corrected in SEGODNYA's 13 May issue, which added the word "not," and quoted Panskov as saying "are currently not seen..."

Dissension at State Property Committee

Press reports suggest that officials at the State Property Committee [Goskomimushchestvo] were divided about how to react to to the banks' proposal. — Albert Kokh, a deputy chairman of the committee, criticized the banks' proposal at a 25 April roundtable for journalists on the government's economic policies. According to SEGODNYA (26 April) he said "the bankers' scheme—placing a state share in trust in exchange for credits—is unacceptable to the government" but "even so negotiations with the bankers are moving along." Svetlana Senina, writing in an 11 May KURANTY article, also quoted Kokh, who stated once again that "the principled position of Goskomimushchestvo is as follows: we must refuse the consortium's proposal." According to SEGODNYA's account, Kokh preferred the option of mortgaging state property.

— MOSKOVSKIYE NOVOSTI's 14-21 May issue carried what was called "A Memorandum on the Meeting for Reviewing the Proposal of the Consortium of Russian Banks," which was held on 11 May and chaired by State Property Committee head Sergey Belyayev. Point Two of the memorandum stated that "the participants in the meeting have agreed in principle to approve and adopt" the consortium's proposal. More details about the memorandum's provisions appeared in the 13 May issue of KOMMERSANT-DAILY. This article emphasized Goskomimushchestvo's insistence on "openness," which would allow other banks and financial institutions to participate in acquiring shares. According to the memorandum, the Committee "does not reject any other forms of financing the budget deficit." In addition, the memorandum stipulated "mutual interaction with management personnel of the enterprises," which would give industrial enterprises "greater possibilities for financial maneuvering."

Economics commentator Natalya Olenich reported in a 16 May SEGODNYA article that the committee's memorandum stirred additional controversy within the government. "It has come to light from informed sources," Olenich wrote, "that the memorandum has caused extreme displeasure in people connected with the development of these rules." The reason for the "hasty" decision to sign the memorandum, she continued "was the desire to iron out the negative attitude to the banks' offer on the part of a number of influential people." One of these, government expert group head Vladimir Zantsev, was quoted as saying that the proposal was unacceptable "as it paves the way toward selling blocks of shares to Western companies." Olenich ended her report on a positive note, however, by quoting communist entrepreneur Vladimir Semago, who stated that "the GKI has opted for the correct position, and is demonstrating the intention not only not to squander state property, but is trying to administer it by enlisting for that purpose the services of intelligent and professional people."

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First Round Goes to Proponents

Those in favor of the proposal have won the first round. INTERFAX reported on 23 May that State Property Committee Chairman Belyayev told a press conference that the government would "invite commercial banks to take part in a tender for the state shares of leading Russian enterprises," planned for late July or early August. Belyayev also mentioned that a timetable for the sale of enterprises would be ready at the beginning of the third quarter "so that the proposals of a consortium of commercial banks...can go into action." Belyayev believed, that this would "help hike privatization earning in the third and fourth quarters so as to attain budget goals." Legislative Viewpoint

Sergey Burkov, Chairman of the Duma Committee on Property, Privatization and Economic Activity, criticized the banks' proposal in a 2 June ROSSIYSKAYA GAZETA article. Although he admitted that the proposal was a good idea in theory, in practice "the legal base of the proposed deal is extremely shaky." Burkov saw danger in giving the banks too much latitude: "The very access to a controlling (or almost controlling packet of shares in the Russian economy's key enterprises, as well as the possibility of determining their development strategy will be monopolized by a very narrow group of financial institutions." "Above all," he added, "these banks want to become simple middlemen for foreign investors." Burkov believed that the current proposal ignored the interests of the regions and risked the stability of Russia's banking sector. He had his own recommendation: "An experiment in transferring to a management trust [doveritelnoye upravleniye] could first be used with a part of the state shares and the other part could be reserved for trade... That way no one is excluded and there can be a search for new financial mechanisms such as issuing bonds or other securities."

Economist's Alternative

According to OBSHCHAYA GAZETA (11-17 May), Andrey Nechayev, former economics minister and currently president of the russian Financial Corporation, proposed an alternative to the banks' offer. His idea was to issue a loan to the government and to sell the shares of the about-to-be-privatized enterprises to anyone—banks, individual citizens, even foreigners. After three years "when a normal capital market appears in Russia," the shareholders could either sell their shares back to the government or become joint stock holders "in the best Russian companies." OBSHCHAYA GAZETA opined that the program would "aid the progress of reform in the Russian economy" and might create "the first Russian all-state securities that would also interest Western capital markets."

Davydov Comments on Foreign Debt Payments

LD1306202695 Moscow INTERFAX in English 1614 GMT 13 Jun 95

[FBIS Transcribed Text] Moscow, June 13 (INTERFAX) — Russia has already paid the London Club $350 million of the $500 million foreign debt interest it has promised to pay the international organization of creditor banks this year, a senior Russian government minister has said.

The $500 million is interest that accumulated over 1992-93, Deputy Prime Minister and Foreign Economic Relations Minister Oleg Davydov told INTERFAX by telephone.

Russia's total debt to the Club has reached $25 billion.

"Payments are being made in full accordance with the schedule," the money being transferred to a special trust account at the Bank of England, and by July 1 Russia will have "completely met" its commitments to the Club for 1995, the minister said.

He said this would bring the total amount of what Russia will have paid the organization this year to $1 billion. "That will materially raise the rating of Russia as a borrower country in the international money markets and will enable it to more actively attract foreign loans for the development of its national economy," he said.

Early this month, Moscow also signed an accord with the Paris Club to defer the repayment of $27 billion Russia was originally scheduled to pay in 1992-95, Davydov said. The money is part of the former Soviet Union's debt. "In return for the deferment the government of Russia this year will pay $1.1 billion to Paris Club member countries, to which the Russian Federation owes an estimated total of $38.7 billion."

In 1995 Russia is also due to give its creditors more than $6 billion as partial repayment of its foreign debt as such, put at $120 billion.

Official Confident That Economy Shows Recovery

LD1406193495 Moscow Radio Rossii in Russian 1000 GMT 14 Jun 95

[FBIS Translated Text] The working center of economic reforms under the Russian Government held a news conference in Moscow today. It discussed the current economic situation in Russia. Here is Vladimir Trushkovskiy with the details:

[Begin Trushkovskiy recording] There are plans to hold similar meetings with journalists regularly. The main point of today's news conference is this: In the past few months a certain stability or indeed a certain economic

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growth has begun to take shape in the Russian finances and credits and industry. The ruble rose by 2.7 percent against the dollar in May and by 1.5 percent in the first week of June. Experts from the center of economic reforms believe that these changes show that people's trust in the Russian currency has increased. This, in its turn, is the outcome of the implementation of a new monetary policy, a rather tight one. The ruble has started to climb during a period of rather high inflation in the country. One may justifiably ask: Is it not just another trick on the part of the government and the Central Bank? Economic experts believe the current situation is quite normal. Stabilization and the curbing of inflation might take this shape. What are the forecasts for the next months? According to Sergey Pavlenko, head of the center, there are no good reasons for a sharp decline in the industrial output in the near future. A 3 to 4 percent rise is expected in August and September. A slight decline might occur in July, but it would be a seasonal phenomenon. [end recording]

Options for Socioeconomic Development Detailed

LD1306183395 Moscow ITAR-TASS in English 1555 GMT 13 Jun 95

[FBIS Transcribed Text] Moscow, June 13 (ITAR-TASS) — The programme of the Russian government for 1995-1997 envisages two options of socioeconomic development, a spokesman for the Ministry of the Economy told BIZNES-TASS on Tuesday.

The first option is based on existence of favorable conditions for implementation of the outlined measures, and the second — on a stronger influence of negative factors.

If the situation develops according to the first option, it is possible to expect financial stabilization by the end of 1995, with an average annual inflation rate of five percent a month. Moreover, it will be possible to reach the level of one percent a month already at the end of the current year. In 1996, this index is expected not to exceed 1.0-1.5 percent a month.

The second option of development proceeds from the expectancy of a seven-percent average monthly inflation rate in 1995 (3-3.5 percent by the end of the current year), and three percent in 1996.

In January-May 1995, the Russian economy was developing according to the second pattern, the collegium of the Ministry of the Economy admitted during its session at the end of last week.

The greater than anticipated inflation rate was caused by the growth of prices of energy sources, the remaining inflation expectancies, the increase of the volume of cash in circulation.

Official Clarifies Plan for Sale of Shareholdings

MM1406151295 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 14 Jun 95 p 2

[Report by Maksim Zarezin: "Justifiable Complaints? Privatization Timetable Clarified"]

[FBIS Translated Text] The publication in our newspaper of the baseline list of joint-stock companies in which the state's shareholding will be sold in 1995 (ROSSIYSKAYA GAZETA for 14, 18-21, and 25-28 April, and 4, 7, 12, 16-18, and 23 May) triggered a hail of protest letters and telephone calls from the enterprises listed in the document. There was just one story — "there has been a mistake, we do not have any shares to be sold." For instance, representatives of the "Astrakhanenergo" Joint-Stock Company cited this fact. And the Tver Oblast Property Fund even called for a retraction to be published, deeming the entire list of oblast enterprises to be wrong, since the economic facilities listed in it have already been privatized and are excluded from the register of state enterprises.

Since the editorial office received the material from the Russian State Committee for the Management of State Property [GKI], we asked Sergey Dmitriyev, chief of the GKI's Main Administration for Information and Methodology, to comment on the situation. According to him, the information used to compile the list was provided by the committee's territorial organs. Naturally, mistakes can creep in when people are working with such a mass of information. Enterprise leaders should clear up any problems that arise with their supervisors [kurator] at GKI structures.

But Sergey Dmitriyev stressed that most of the confusion is due to the fact that the list was published ahead of Russian Federation Presidential Edict No. 478 "On Measures To Ensure the Guaranteed Receipt by the Federal Budget of Privatization Proceeds" of 11 May 1995. Paragraph 2 of this edict rescinds the former restrictions on the sale of federally owned blocks of joint-stock company shares and prescribes their phased sale. This also applies to shares transferred to holding companies. This provision of the presidential edict comes into force a month after its publication in ROSSIYSKAYA GAZETA, that is, 17 June.

It is important to bear in mind that the list is not of itself some kind of guidance document that decides the fate of an enterprise — it merely names the joint-stock companies where there is a state holding. Which enterprise shares will be sold and when will

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be determined by the privatization timetable being drawn up by the GKI. The first version of it has been ratified and sent to GKI territorial organs. Clearly, this work will continue in 1996 as well. The timetable has been drawn up territory by territory. Enterprises in the military-industrial and agro-industrial complexes have been separately highlighted, since restrictions on share sales in these sectors are envisaged.

The restrictions on the sale of state-owned blocks of shares in enterprises producing output of strategic importance for national security will be retained. A government commission is working to draw up a list of these enterprises.

GAZ Management Criticized Over Labor Issues

954F2539A Moscow ARGUMENTY I FAKTY in Russian Jun 95 No 24, p 1

[Letter to ARGUMENTY I FAKTY: "From Communists to Capitalists"]

[FBIS Translated Text] We representatives of the working class of the GAZ Stock Company would like to tell you about the glaring anarchy and injustice that reign in any shop of the GAZ. There is angry debate about this everywhere: on public transport, at work, in people's free time, and in sundry places—but our local press remains silent. We are talking about pay. Today, as distinct from former times, the direct producers—the workers, those at the machine tools, the hot furnaces, the assembly line, and so forth—have the lowest pay at the plant. And for all the others, producing nothing, "living at the expense" of the producer, and keeping a strict watch on how much he puts out, it is very high. What kind of fool devised this assessment of labor where:

— the foreman is afraid to close out the production schedule for the worker (since the accounts department would not let it pass), and the worker is afraid to rebel out loud, lest he find himself outside the gate;
— a vast personnel management army is receiving wages in the millions at a time of zero hiring—it is hard to find work at the plant;
— the association's entire trade union committee, "the public defender of the working class and true fighter for its interests," has a cozy situation, works on contract, that is, and travels around on free passes, and it does not give a damn for all the workers put together and, simultaneously, for its immediate obligations, either!

We could make a long list of this army of loafers living off the worker. He would cope with this also, as before, working on everyone, but not to such a degree of effrontery as an inspector receiving twice as much as the worker! We workers could have handled two directors, who have authorized themselves "very modest" salaries—30 and 60 million rubles (such impudence is not even seen in a bad dream), but here there is an army of contractors into the bargain!!! Or do they think that we are cart horses, since we remain silent?! But there is a limit to everything, and our anger has reached a point where it only needs a match for it to erupt in flames!

We learn with satisfaction from our news media of the growing percentage of votes being mustered by the communists in all kinds of polls in advance of the coming elections. There was not this disorder under the communists, after all!!! The worker knew that his director Kiselev was getting almost the same as a highly skilled foundry hand or blacksmith. What has happened to the communist conscience of the present directors Vedyayev and Pugin; they were recently communists, after all?!

We have deliberately left this letter unsigned: The collection of signatures would have required too much paper.

Nizhniy Novgorod

From the editors: We could not, for understandable reasons, ignore this disturbing letter, for it is a question of one of Russia's most important enterprises. We are immediately sending an ARGUMENTY I FAKTY correspondent to Nizhniy Novgorod to look into the situation on the spot.

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International Affairs

Shmarov on 'Individual Program' for NATO Partnership

LD1506063295 Moscow ITAR-TASS in English 0614 GMT 15 Jun 95

[By Anatoliy Gordeyev]

[FBIS Transcribed Text] DONETSK, June 15 (ITAR-TASS) — Ukrainian Defence Minister Valeriy Shmarov declared at a news conference Wednesday that Ukraine has its own individual programme for partnership with Nato which is being considered at the Nato headquarters now. Shmarov said that Ukraine intends to develop its relations with the North Atlantic alliance and other countries which do not belong to Nato on the basis of this programme. Commenting on the Nato session held in Brussels at the level of defence ministers, Shmarov said that Nato officials had assumed an "interested" approach to Ukraine.

Shmarov described the programme of Ukraine's partnership with Nato as extensive and diverse, envisaging a number of political and military-political steps. "Ukraine is going its own way," Shamarov said. "Today, two political positions can be traced — some countries are making radical attempts to join Nato, while others reserve "a definite oriental accent", being integrated into a joint form of security of CIS countries. Ukraine does not belong to any of these groups for reasons of its political future, its legislation and the concept of Ukraine's security," Shamarov said. "This is the basis on which our individual programme of partnership with Nato is being created," the general noted.

Defense Minister Urges 'Non-Aligned Status'

WS1406115695 Kiev INTELNEWS in English 2207 GMT 13 Jun 95

["Special to INTELNEWS" by Ihor Zhyhyr]

[FBIS Transcribed Text] Kiev, June 13 — Defense Minister Valeriy Shmarov came out in favor of continuing Ukraine's non-aligned status, saying the country is "unwilling to establish overly close ties with NATO or be integrated into a military union of the CIS countries." In addition, the defense minister, speaking after his return from a two-day summit of NATO and European defense ministers, also said that Ukraine doesn't "want to join the collective security system in Europe."

"Our policy is aimed at firm neutrality of the Swedish type," said Shmarov. Shmarov's remarks are the latest in a series of pronouncements made on the question of whether to abandon the country's policy of non-alignment. President Leonid Kuchma, speaking in Riga last month, had come out in favor of changes in the country's policy of neutrality, saying that "it is nonsense for Ukraine to be non-aligned. We are not by any means Switzerland or any country like it."

Parliament's preliminary approval of a new military doctrine the following day called Ukraine's participation in international and European security systems "a basic ingredient of Ukraine's national security." The defense minister, while calling for strict neutrality also announced that in the near future Ukraine and 16 NATO member countries will discuss a two-year program of cooperation between Ukraine and NATO.

The U.S. Congress has already allocated $10 million for implementation of this program, said Shmarov. The program envisages organization of various seminars, conferences, consultations and joint military exercises.

Benefits of Kuchma Visit to EU Viewed

WS1506095095 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 6 Jun 95 p 3

[Article by Serhiy Nesterenko: "Ukraine Is Trying on the European Suit, but It Cannot Wear It Yet"]

[FBIS Translated Text] The president's visit to Brussels was short, but significant in terms of its importance. Our state has to intensively solidify its position among the world's leading states if it wants to integrate with the world community. Our leadership made its first steps in that direction by visiting the United States, Japan, and a number of European countries. However, only bilateral relations were established during these visits by Leonid Kuchma's visits. The visit to the capital of the EU was qualitatively different from those other visits. The EU comprises 15 states, which means that the results of the negotiations might be much more effective. Thus, Leonid Kuchma's meeting with the leadership of the EU is a logical continuation of Ukraine's foreign policy. What will Ukraine gain from the European "brick" laid by the president in Brussels into the wall of Ukraine's relations with the West?

Unfortunately, people in Ukraine do not know much about the EU. But this structure, established in 1950 [as published], plays a significant role in Europe's life. Tight integration between the members of the EU, despite everything, serves the strengthening of the continent's security. Due to the EU's activities, a general policy was developed in the agricultural sector, trade, the protection of borders, education, the social sphere, and in cooperation with other countries. Until recently, the EU states and Ukraine — due to different internal political-economic situations — existed as if they lived in different worlds. However, recently, or more precisely, after Leonid Kuchma came to power and

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declared the course toward economic reform, the EU and Ukraine made a move to meet each other halfway. An agreement signed in November 1994 on partnership and relationship initiated the actual mutual relations between the EU and Ukraine. Recently, however, a clear tendency for an unusually rapid development of those relations has become noticeable. Naturally, for Ukraine such cooperation is profitable. Currently, it means large credits for the future — Ukraine's admission to the EU and a possibility to use the accomplishments of the EU member-states in all spheres of activities. It is much more difficult to respond to the second, persistently emerging question:

Why Does the EU Need Ukraine?

There are three primary factors, among others, which stimulate relations between the EU and Ukraine: political, economic, and environmental. While the first two are long-term factors, the third one is perhaps the most important. I am referring to the shutdown of the Chernobyl nuclear power plant [AES], which has become a scarecrow for the Europeans. Strikingly, the fact is that residents of the European countries are much more afraid of the Chernobyl danger than Kievans, not to mention those who live in the regions of Ukraine that are more remote from the plant. As we know, our state had been delaying the decision on the Chernobyl AES, justifying it by a lack of funds for its shutdown. The West's consent to allocate such funds enabled Leonid Kuchma to make a decision on closing down the Chernobyl AES by the year 2000, which subsequently stimulated the development of cooperation between the EU and Ukraine. The EU leadership many times particularly underlined the importance of that moment in relations with Ukraine. The interesting point is that the problem of Chernobyl in the West is regarded within the context of relations between Leonid Kuchma and the Ukrainian Supreme Council. Taking into account that there are many opponents of the shutdown of the Chernobyl AES in the Supreme Council, many Western politicians believe it necessary to support the president. In addition, Leonid Kuchma's political-economic program encourages them to do so. "We fully approve the Ukrainian president's program of economic reform, and welcome his courage. Within a very short period of time, he managed to achieve a lot," Olivier de Laroussil, European Commission administrator in charge of the issues of cooperation with Ukraine, said in an interview with VSEUKRAINSKIYE VEDOMOSTI. "Ukraine receives a large amount of economic assistance from the EU," de Laroussil pointed out. "Clinton performed an excellent show around U.S. assistance for your country; meanwhile, our commodity turnover exceeds by several-fold of what exists between the United States and Ukraine." However, he stressed that the EU's assistance for Kiev by no means is charity. The EU is interested in Ukraine's transformation into a state with a developed capitalist economy. The EU's current assistance and funds for Ukraine are aimed at establishing a favorable foundation for upcoming investments.

Cooperation between the EU and Ukraine is also stimulated by internal and foreign political factors. According to Mr. de Laroussil, the EU is interested in the existence of Ukraine as a democratic and independent country. Taking into account that the West currently connects Ukraine's democracy and independence primarily with Kuchma, after this visit further funds and more assistance for Kiev from the EU can be expected. As for international policy, the Russian factor plays a very important role in it. The developments of the last six months in the Russian Federation have led to a cooling of its relations with the United States, and a similar process is taking place in its relations with the EU. Frankly speaking, the EU is in a very difficult situation. A large number of projects on cooperation with Russia exist at present; however, the war in Chechnya have put their implementation in doubt. On the one hand, great work has been done, and it is a pity to discount its potential results. On the other hand, many of the EU countries have no wish to cooperate with "Yeltsin's bloody regime." Perhaps, the second tendency will prevail. This means that Ukraine will become the EU's principal partner among the CIS countries. "It is more convenient for Europe to have a developed, democratic state as a neighbor rather than a huge empire," says Olivier de Laroussil; "therefore, we support Ukraine's sovereignty in every way."

Stumbling Blocks

However, for the time being, the EU's and Ukraine's efforts to meet each other halfway have not been a bed of roses. The EU's statements frequently contrast with the cautious policy pursued toward Ukraine by a number of European governments. Thus, to be enacted, the agreement on partnership and cooperation signed in 1994 has to be ratified by the parliaments of all EU member-states. However, so far not a single state has done so. One of the most powerful states — France — is not at all interested in developing relations with Ukraine. However, according to Olivier de Laroussil, it is by no means a matter of anti-Ukrainian sentiments in French governmental circles. The point is that our region has never belonged to official Paris's area of influence. "France conducts a policy of self-isolation," says Olivier de Laroussil. "This is an unconditionally wrong policy. However, so far there are no serious grounds to presume this will change."

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Currently, Ukraine's chances to join the EU are very unclear. According to Mr. Laroussil, surely it will not happen before 1998. Only then, the issue of Ukraine's integration with the EU might be raised again. Is it going to be resolved positively? Nobody can answer this question at this point, the more so since there are many countries which have a wish to join the EU—more than the EU can accept. So far, the EU's policy has been accurately characterized by the words of Hans Van der Bruk, commissioner of the European Commission: "Our cooperation will develop gradually, step by step." Passing and implementing joint projects is the first stage. This is the only issue of which we can speak with conviction. The rest is so far wrapped in mists of vagueness.

Nevertheless, Ukraine has certain grounds to be optimistic. Leonid Kuchma's words "I am satisfied with the results of the visit" are not just lip service for official courtesy. The agreements reached during the negotiations with EU chief Jacques Santer open promising prospects.

Thus, let us summarize the positive sides of relations between Ukraine and the EU: Our state is becoming the number one partner among the CIS countries, and is actually establishing bilateral relations with the EU. We are receiving tangible funds: some ECU85 million (around $200 million) immediately, and a further ECU200 million (around $240 million) [as published] by the end of 1995. Ukraine, as one of the first countries among the East European states, has signed a temporary trade and economic agreement which grants it the status of the most favored nation for trade purposes. This fact compensates to a certain degree for the still unratified agreement on partnership and cooperation. This gives us some grounds to believe that after Leonid Kuchma's visit and his numerous contacts with the EU's leadership, the relations between the EU and Ukraine will develop faster and be more fruitful.

Officials on Sochi Summit, Black Sea Fleet

LD1406223295 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 14 Jun 95

[FBIS Translated Text] Volodymyr Horbulin, presidential adviser on national security matters and secretary of the National Security Council under the president of Ukraine, has described the Sochi presidential meeting as one which, in terms of its historic importance, ranked alongside of the Ukrainian delegation's visit to Brussels or the signature of the constitutional treaty.

The outcome of the Sochi summit has had a mixed reaction in Russia, Horbulin told a briefing at the presidential administration. His personal assessment, in sports terminology, was that it was a hard-fought draw, which, however, enabled each of the sides to emerge honorably from the former uncertainty of the situation.

Political tension between Russia and Ukraine over the fate of the Black Sea Fleet has now been removed and a common understanding arrived at as to how to carry out its division, Horbulin said.

The conditions and status of Russian fleet bases, (?the aspects) of leasing, and the terms of leasing — with Sevastopol's certain areas, precisely, to be leased, a term agreed upon by Boris Yeltsin — will be defined be separate agreements, Borys Tarasyuk, first deputy foreign affairs minister, explained.

Marchuk on Monthy Meeting With Russian Leaders

LD1406195795 Moscow INTERFAX in English 1421 GMT 14 Jun 95

[FBIS Transcribed Text] KIEV, June 14 (INTERFAX-UKRAINE) — During the Russian-Ukrainian talks on the Black Sea Fleet in Sochi on June 9, an agreement was reached on monthly meetings between the two countries' presidents and prime ministers, Ukrainian Prime Minister Yevheniy Marchuk told journalists in Kiev on Wednesday [14 June].

He said the Ukrainian and Russian premiers were to meet next week.

He also said that "there are many working issues in Ukrainian-Russian relations which can be settled much faster and more efficiently at the level of premiers and vice-premiers." He said he meant, above all, economic issues, including the creation of financial-industrial groups, taxing, customs procedures and oil supplies to Ukraine.

Speaking about Ukraine's debt for the Russian energy and fuel, he said that "the debt has diminished considerably compared to the first quarter of the year." "Ukraine sticks to a more or less normal schedule of payments for the current supplies," he said.

He emphasized that in Sochi, Russia did not advance any claims for the debts.

Shmarov: Russia Not To Use Ukraine's Long-Range Bombers

LD1406195395 Moscow INTERFAX in English 1415 GMT 14 Jun 95

[FBIS Transcribed Text] KIEV, June 14 (INTERFAX-UKRAINE) — Due to changes in the Russian concept on utilization of strategic arms Moscow has no prospects

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for utilization of long-range bombers which have remained on Ukraine's territory after the collapse of the USSR. These were Ukraine's Defense Minister Valeriy Shmarov comments on the situation around the group of strategic bombers voiced at a press conference in Kiev Wednesday [14 June].

In his words, strategic bombers "are no more a priority direction" in the development of armed forces. "There are no buyers in the third countries and we are continuing our talk how to correctly use these precious and unique aircraft," Shmarov said.

Earlier at the negotiations between Moscow and Kiev the officials reached a preliminary agreement in line with which Ukraine was to receive a compensation amounting to $190 million for the transfer of a group of 19 TU-160 and 25 TU-95 MS strategic bombers to Russia.

The parties also agreed that this sum will be used to partially clear off Ukraine's debt for the supply of Russian fuel and energy.

Kiev also promised to simultaneously transfer to Moscow 600 cruise missile which these aircraft can carry.

As representative of Russia's Air Force command reported to INTERFAX Russia has already formed crews for these bombers. However, negotiations were suspended due to the preparation of the summit between Russian and Ukrainian presidents on the Black Sea Fleet division.

Commenting on the agreement on the Black Sea Fleet division signed by the presidents in Sochi on June 9 Shmarov reported that the document determines Russia's participation in Sevastopol's social-economic development and sites of the Black Sea Fleet stationing. "The agreement does not contain any principally new terms," he said.

According to Shmarov, Ukraine's government has adopted "decision to start the work on implementation of the agreement on the level of state delegations."

Hoisting of Russian Flag Called 'Provocation'

LD1406192795 Kiev UNIAN in Ukrainian 1130 GMT 14 Jun 95

[FBIS Translated Text] Kiev — Borys Tarasyuk, Ukrainian first deputy foreign minister, described as "a provocation" the hoisting of St. Andrew's flags on ships of the Black Sea Fleet on Russian independence day. At a briefing in the president's administration on 14 June, he said that this was a breach of the agreement reached on the coordination of actions of both countries.

Touching on the deployment of troops from the Black Sea Fleet's coastal defense in Crimea, the first deputy foreign minister said that "this issue should be closed by 17 November in accordance with the treaty on the reduction of conventional armaments in Europe." In particular, this document envisages the withdrawal of the Black Sea Fleet's land forces from Ukrainian territory.

With regard to Ukraine's strategic partnership with Russia, which was stressed when the summit between Boris Yeltsin and Leonid Kuchma in Sochi was summed up, Tarasyuk said that in accordance with the basic principles of international policy, Ukraine possesses strategic relations with all its neighbors, particularly with Russia and Poland. He also stressed that Ukraine was conducting a balanced policy directed both at the West and the East.

Agreement With Poland on National Minorities

LD1406221795 Kiev UNIAN in Ukrainian 1200 GMT 14 Jun 95

[FBIS Translated Text] Kiev (UNIAN) — A reciprocal agreement on the further elaboration of a draft bilateral Ukrainian-Polish agreement on the protection of national minorities has been reached during a meeting between Mykola Shulha, minister for nationalities, migration, and cults; and a delegation from the Polish Sejm. They discussed the issue of cooperation with regard to the Polish minority in Ukraine. UNIAN learned this from the Nationalities Ministry press center.

Kiev, Britain Sign Military Cooperation Protocol

LD1506092295 Kiev UNIAN in Ukrainian 1545 GMT 14 Jun 95

[FBIS Translated Text] Kiev [dateline as received] — On 14 June, Charles Gutherie, chief of the General Staff of Great Britain, and Vasyl Sobkov, Ukrainian deputy defense minister and land forces commander, signed a protocol on the results of the visit by a British military delegation to Ukraine. The protocol outlines a program of bilateral cooperation between both countries' defense ministries in 1995-1996.

Sobkov said joint military maneuvers were planned to be held in the second half of next year. He also said the holding of the maneuvers will be possible if international organizations are able to finance them. It is envisaged that Ukrainian servicemen will get training at Britain's higher educational establishments. They will be studying English under a separate program.

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In the course of the four-day visit, the British military delegation led by Charles Gutherie visited a number of units of the Precarpathian military district.

National Affairs

Marchuk To Form New Government in 'Week to 10 Days'

LD1406233795 Moscow INTERFAX in English 1739 GMT 14 Jun 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] KIEV, June 14 (INTERFAX-Ukraine) — A new government will be formed in Ukraine "within a week to 10 days," Prime Minister Yevheniy Marchuk announced on Wednesday.

Talking to reporters, Marchuk declined to name any candidates to ministerial posts or comment on any structural changes in the government.

He simply said the main criteria in selecting new ministers were "a high degree of professionalism and a high capacity for work, and also professional courage in making decisions, the ability to take responsibility for the solution of principal problems, and foresight."

"The only salvation of the country is a highly professional government consisting of people with the same views - meaning not their uniformity but their ability to understand what the future should be like and what technology should be used to carry out the tasks that have been set," the premier said.

He also said that on Tuesday he reached an understanding with parliamentary speaker Oleksandr Moroz for parliament to consider a government program of economic reforms much earlier than the deadline set by the Constitutional Agreement, a recently signed compromise power-sharing accord between President Leonid Kuchma and the legislature. While the agreement gives the legislators two months for passing their judgement on the program, Moroz promised they would do this before parliament's summer break.

Premier Marchuk Profiled; Possible Cabinet Changes Viewed

AU1406130695 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 10 Jun 95 p 1

[Article by Larysa Ostrolutska: "General Marchuk, the Government Is Awaiting Your Command!"]

[FBIS Translated Text] A new prime minister has appeared in Ukraine. The long-awaited appointment of Yevhen Kyrylovych Marchuk has taken place.

That it will be him and him only has quite long been known to broad public circles. A few weeks ago, Leonid Kuchma was asked at a news conference about when a new premier would be finally seen, and he joked: "Had I known that you are so keen on seeing him, I would have brought him along. It is no secret to anyone that I have authorized Yevhen Kyrylovych Marchuk to form a new government."

However, the process of approving the candidature (and creating the government) could be delayed for a very long time. Everything depended upon the truce between the branches of power. There could be a plebiscite, and at least until its completion, we would not have had a premier. The law on implementing the Law on Power would not have been adopted (it would have been rejected), and the prime minister's candidature and the composition of the Cabinet of Ministers would have generally been discussed by the parliament. All of this would have dragged on for a long time.

The Constitutional Agreement has put everything in its proper place. Since its signing, the Law on Power, in a variant acceptable for the parliament, has taken effect. The president immediately appointed the premier. I have no doubt that it will not be too long before we also have a new Cabinet of Ministers. The sixth one. Over almost four years of independence. This only points to the fact that, so far, not a single Ukrainian Cabinet of Ministers has been structured as a single fist or as a team of like-minded people. Not a single Cabinet of Ministers has known where to go, what to build, and what goals to strive to achieve (the vague striving to work for the good of Ukraine and its people cannot be considered as such a goal).

At last, Ukraine has a chance to get such a cabinet. First, because it will be formed by a single leader in accordance with single demands. Second, because it will be headed by a person whose ability to act with confidence in the most extreme situations we have witnessed more than once. In particular, a new era in the negotiating processes with Moscow was opened by Yevhen Marchuk. In the past, our delegations, when meeting with the Russians, mainly waited until the latter propose something and then took care to react more or less appropriately. People say that when, for the first time during the talks on the Black Sea Fleet that were conducted by Yevhen Marchuk, the Russians heard that the Ukrainians had brought along several variants of resolving the problems, they were simply overwhelmed and it took them some time to respond properly.

Thus, Yevhen Marchuk is a teacher and a lawyer by profession, fluent in German and English and also well-versed in many secrets of our state and its individual representatives at least because he had a long service record with the Security Service, an authoritative and

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resolute person, sufficiently tough and without political bias. Well, he is not an economist. However, do we really need an economist at the post of premier? We already had a candidate of economic sciences at the presidential post, doctors of science, corresponding members of the Academy, and perhaps even academicians in the government, but have failed to emerge form the economic crisis. It is not a matter of professional specialization. One thing is certain: Yevhen Marchuk's confidence rating is now very high.

The new premier's views of principles of forming the Cabinet of Ministers are known. He stated that "there will be no breakneck revolutionary situation when keys are taken away from old officials and new ones are employed." And that in the process of forming the Cabinet of Ministers, continuity is necessary, but there will also be some restructuring. There is an intention to reduce the number of ministries and generally create a highly professional government. Moreover, Yevhen Marchuk does not plan to create a coalition government "just to please all politicians." He also plans to select people on a competition basis.

A few words about other personalities. Instead of three first vice premiers, there will probably be just one. Pavlo Lazarenko, head of the executive power of Dnipropetrovsk Oblast, a young, promising, and aspiring politician with experience of managing a region, is mentioned in this connection. It is expected that Viktor Pynzenyk will stay in the Cabinet of Ministers. However, not as vice premier, but as a minister. Roman Shpek, who professes the same ideals as Pynzenyk, but is more flexible and more pragmatic, also has a chance to become vice premier. Perhaps, Vasyl Yevtukhov, the present president of the Industrialists and Entrepreneurs Union will occupy the vice president's post, but let us wait and see. The process is under way, and its results will become evident quite soon.

Supreme Council Commission Drafts Election Bill

LD1406210995 Moscow INTERFAX in English 1651 GMT 14 Jun 95

[FBIS Transcribed Text] KIEV, June 14 (INTERFAX-Ukraine) — The Ukrainian Supreme Soviet's Legal Policy and Judicial Reform Commission has drafted an Election Bill.

Under the bill, 225 MPs are to be elected in the constituencies and the same number on party lists.

Whatever percentage of the electorate comes to the polls, the elections will be considered valid. The candidate who wins a relative majority is regarded as elected. Under the existing legislation, at least one-half of the electorate plus one voter have to come to the polling station for the election to be valid. Currently, the winner is he who has the support of at least 25 percent of the electorate in his constituency.

Commission deputy chairman Aleksandr Lavrinovich told a commission meeting that under the new legislation all the MPs will be elected in one day.

The MPs are to be elected for a term of four years. They must be at least 25 years old.

Commission Opposes Crimean Resolution on Foreign Observers

LD1406213595 Kiev UNIAN in Ukrainian 1130 GMT 14 Jun 95

[FBIS Translated Text] Kiev — At its meeting on 14 June, the Supreme Council Commission for Issues of Legal Policy and Judicial and Legal Reform approved a decision to recognize as invalid the resolution "On the Status of International Observers During Elections to Local Authorities in the Autonomous Republic of Crimea Scheduled for 25 June," which had been approved by the Crimean parliament. In the commission's view, this was a case of the autonomy exceeding its authority. Crimea is not a subject of international law and cannot enter into international relations with other states.

The commission has asked the Central Electoral Commission to draw up and submit for the commission's consideration a draft resolution on the status of foreign observers during elections held in Ukraine in order to consider it in the near future and submit it for the parliament's approval.

Crimean Tartars Demand Aid, Official Recognition

LD1506094895 Kiev UNIAN in Ukrainian 1545 GMT 14 Jun 95

[FBIS Translated Text] Simferopol [dateline as received] — Crimean Tartars have demanded that the president, government, and parliament of Ukraine should resume funding the return of Crimean Tartars with state support for individual housing construction, pass legislation which would fully restore their rights, and officially recognize the Crimean Tartar People's Majlis.

"We shall attain our goals if we persist with pickets, rallies, and demonstrations," Kurseyid Abdulayev, of the Organization of Crimean Tartar National Movement picketing the government, told UNIAN in an interview. He warned that "the situation may flare up" at any time

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and that "the aftermath of this fire to the nation may be unforeseeable."

Around 400 Crimean Tartar picketers, employees of construction organizations on strike over the suspension by Kiev of financing the return and resettlement of deportees, demanded a meeting between Ukrainian President Leonid Kuchma, Ukraine Supreme Council Chairman Oleksandr Moroz, Ukrainian Prime Minister Yevhen Marchuk, and Majlis representatives.

UNIAN can reveal that at present, 25,000 Crimean Tartar families are undertaking individual construction and 15,000 are awaiting the receipt of state housing in Crimea. Out of 240 Crimean Tartar settlements, 180 have no electricity and water.

On 14 June Crimean Tartars met Crimean Prime Minister Anatoliy Franchuk who Kurseyid Abdulayev said pledged his assistance in resolving that problem.

Economic Issues

Kuchma Instructs Urgent Measures in Agriculture Sector

LD1406200195 Kiev UNIAR in Ukrainian 1230 GMT 14 Jun 95

[FBIS Translated Text] Kiev — President Leonid Kuchma issued instructions on taking urgent measures for the development of the agroindustrial complex. The Cabinet of Ministers, a number of ministries, and other bodies of the central executive power have been instructed to take specific actions within the set deadline in order to provide for this year's harvesting campaign, to form a state reserve of agricultural produce, to consolidate supplies and machinery for agriculture, and to improve the legal basis for the activities of agricultural producers.

Services, Energy, Transport Prices Raised

954F2505A Donetsk AKTSENT in Russian 7 Jun 95 p 1

[Report from VSEUKRAINSKIYE VEDOMOSTI information: "One More Such Spiral of Price Increases, and the President Will Have No One To Interrogate"]

[FBIS Translated Text] Prices in Ukraine for housing and municipal services, energy, and transportation have increased by a factor of 1.5-2.2. According to Deputy Minister of Economics Viktor Kalnik, the increase was dictated by the need to bring the price level closer to the level of actual costs—whereas until recently citizens paid 20 percent of the actual costs of housing and municipal services, and effective 1 June paid 30 percent, from this point until the end of the year they will reimburse 60 percent of these costs to the enterprises of housing and municipal services. This is the price dynamics scheme envisioned in the Cabinet of Ministers decree of 4 February 1995.

According to INTERFAX-UKRAINA information, the cost of a one-room apartment 31.4 square meters in total area, without taking into account the cost of electric power, will increase in June from 389,000 karbovantsy to 756,000 karbovantsy, a two-room apartment (46.2 square meters)—from 715,000 to 1.391 million karbovantsy, and a three-room apartment (66.2 square meters)—from 895,000 to 1.937 million karbovantsy, i.e., an increase of twofold or more.

Thus, the distribution of family expenses in Ukraine (with income conforming to the statistical average) will be reminiscent of what is seen in Europe and America, where one-third of wages goes to housing. However, whereas wages there constitute 50 percent or more of the cost of production, in the former USSR this figure was 3-7 percent, and applies to present-day Ukraine. If according to the predictions used as a basis for state budget computations, wages in 1995 increase by a factor of 3.3 and prices—by a factor of 5, then prior to the end of the year many tenants will forget the taste of the most essential products.

Effective 1 June the cost of 1 kilowatt of electricity became 5,200 karbovantsy for urban residents, 3,100 karbovantsy for houses with electric stoves, and 4,500 karbovantsy for the rural populace.

The price of gas for the populace will increase from 20-24 percent of the actual cost ($85) to 30 percent.

The cost of travel by city public transportation will increase in various regions depending on decisions of the authorities, but is expected on average to reach 10,000 karbovantsy, reflecting up to 50 percent of the actual cost.

As a result of the price increases, an inflationary surge of up to 10-12 percent is expected.

Kiev Investment Bank Planned

954F2505B Donetsk DONBASS in Russian 7 Jun 95 p 1

[Article by Grygor Chernyy: "Beginning To Smell the Grivna in Ukraine"]

[FBIS Translated Text] The board of directors of the European Bank for Reconstruction and Development [EBRD] has approved a project creating the Kiev Investment Bank in Ukraine, a share to be held by the EBRD. According to Aleksandr Sharov, vice president of the Ukraine Financial Group [UFG], founders of this

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institution on the Ukrainian side will include the agro-industrial bank Ukraina in addition to the UFG. The investment bank is expected to provide long-term credits to Ukrainian enterprises.

With an unstable economy, as we know, commercial banks are engaged as a rule in providing short-term credits for commercial projects. The original charter fund of the Kiev Investment Bank will be $6 million. However, the EBRD board of directors is insisting that the charter fund be doubled in the near future. The project stands out favorably against the overall background of the banking system of Ukraine, which today encompasses two state and 226 commercial banks. The charter funds of more than 70 of these is less than 0.5 million ECU. It was clear at the start of an all-encompassing audit presently being conducted by the National Bank of Ukraine that over 100 commercial banks are enduring the deep financial crisis, while more than 20 are operating at a loss. Tight monetary policy, administrative pressure on the part of the National Bank, and the draconian taxation of 1994 have had a disastrous effect on the financial state of many banks, which are not capable today of surviving an audit.

Nonetheless, in the opinion of independent observers, the game of National Bank Board Chairman Viktor Yushchenko was worth the candle. The level of inflation in May should not exceed 5 percent. The problem of the stabilization fund (according to certain assessments, about $583 million is at the disposal of the National Bank, which uses these assets to support the exchange rate of the karbovanets and intends in the future to use them to support the grivna) has in fact been resolved.

All of this provides the basis for Viktor Yushchenko to state that the most advantageous period for introducing the grivna is the first half of 1995. At least the National Bank of Ukraine has already presented its analytical conclusion to the government and parliament—"On the Optimal Mode for Carrying Out Monetary Reform Under Today's Economic Conditions," and the socialists have already demanded that the reform be confiscation reform. According to statements from members of the board of the National Bank, however, this will not happen.

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Kazakhstan

Oil Consortium Official on Legal Status

95WN0188A Almaty PANORAMA in Russian 10 Jun 95 No 23, p 8

[Interview with Zhakyp Marabayev and Dzhorzhio Taronna, general director and deputy general director of the Kazakhstankaspiyshelf Consortium, by INTERFAX correspondent Irina Bektiyarova; place and date not given: "Unsettled Legal Status of Caspian Causes Wariness Among Investors"]

[FBIS Translated Text]

[Bektiyarova] I would like to begin our interview with the problem of status of the Caspian Sea, since its lack of resolution has raised a whole set of legal and property issues. Russia is insisting on a joint-use condominium system, and believes that the priority right of Caspian states must be secured with respect to development of the mineral resources of the Caspian and the use of these resources. How might this affect the interests of Western investors in Kazakhstan?

[Marabayev] We have a fairly uncommon situation here. Each side is fighting for its own interests. It is only natural that the Russian Federation is insisting on a condominium system in the Caspian. I believe Iran will also insist on this system. It cannot be ruled out that Turkmenistan too will subscribe to this view. While Kazakhstan and Azerbaijan are adhering to a different position. For this reason, forward movement is slipping in resolution of the question of the legal status of the Caspian Sea. This is causing a certain wariness on the part of our investors. Dragging out the problem will be to no one's advantage. We are hoping for a settlement of the matter through international law— primarily maritime law. In the final analysis, if states are unable to resolve the problem, they will seek international arbitration.

But we hope to reach a settlement of this issue in the very near future, without bringing it to the international court. The fact is that Azerbaijan is today engaged in exploration for new deposits. It is conducting negotiations with a number of companies, and they are already discussing the drilling process. The consortium, established last year, is already functioning. Without resolving the issue of the status of the Caspian, we are endangering the interests of investors. Kazakhstan, too, has assumed guaranties with respect to foreign investors. If these questions are not resolved, the Kazakhstan Government will have to make compensation payments to its partners. This is greatly disturbing to Kazakhstan.

[Taronna] This is an issue of no small significance to foreign investors. All the Caspian states are interested in effecting the soonest possible precise determination of borders, because investments will be directed not only to Kazakhstan, but to other republics as well. Presently the possibility is being examined of reaching an agreement among the Caspian states, enabling them to work together on infrastructure issues. We believe that the sooner the problem is resolved, the more investments there will be, not only in Kazakhstan, but in Russia, Azerbaijan, and Turkmenistan as well.

[Bektiyarova] In other words, the Azerbaijani precedent (beginning development of the shelf without waiting for a decision on the status of the sea) will not provide an example for Kazakhstan?

[Marabayev] In the current stage, we are engaged in exploratory activity. We are not presently discussing drilling, surveying, or extraction. We will therefore try to resolve this issue before proceeding to a contract on exploitation of deposits. Kazakhstan must actively participate in negotiations on the status of the Caspian, and should even initiate such negotiations. I want to stress that we are expressing a purely subjective opinion on this issue—the Kazakhstankaspiyshelf Consortium was established to accomplish production objectives, and we would prefer to stay away from political debates. But the question of the status of the Caspian requires governmental, and even interstate resolution.

[Taronna] We are already investing in a vast project that will afford Kazakhstan the opportunity to obtain a great deal of knowledge regarding the Caspian Sea—the Kazakhstan shelf, in particular. The second stage of our work will begin only when we have all the necessary information on the Caspian Sea. Only then will we decide whether to drill or freeze the entire project. We are very hopeful that decisions on the legal status of the Caspian Sea will be made before we have to proceed to the second stage.

[Bektiyarova] The Kazakhstankaspiyshelf Consortium was established 3 December 1993, consisting of six members. What has managed to be done over this period?

[Marabayev] Geophysical research began 10 September 1994 and should be completed in 1997. We have already begun work in the deep-water portion of the Caspian and in the shallow-water zone. Several geophysical teams have been formed.

All the work is proceeding on schedule. Parallel to this, we are conducting geophysical monitoring, and a major effort is under way in training specialists abroad and in Kazakhstan for operations under field conditions and in the refining centers. Of course, the geophysical

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work requires establishment of bases and delivery of equipment, materials, ships, planes, and helicopters.

[Bektiyarova] What is your assessment of the deliveries of everything necessary?

[Marabayev] We are supplied with virtually everything necessary. I should confirm that we are moving on schedule and are even somewhat ahead of schedule.

[Bektiyarova] How much has been provided in investments over this period?

[Marabayev] That is an internal matter. I can only say that we are realizing a certain savings out of the total volume of investments.

[Taronna] We are working on the geophysical project. It is the largest such project in the world at present. And I wish to note right away that our project meets all the ecological requirements in existence in the world. In other words, the consortium intends to accomplish its geophysical work in conformance with all the ecological regulations and in the safest manner. We believe the Caspian Sea is a unique region, and we therefore hope that any other projects carried out here, regardless of when, will also meet ecological requirements.

[Bektiyarova] Kazakhstan is rich in raw hydrocarbons. But it lacks independent access to the world market. In setting about its work, the consortium must have given thought to this problem, right?

[Marabayev] There is a simple answer to this question. Matters dealing with the shipment of raw hydrocarbons out of Kazakhstan have been discussed for many years and various alternatives are being examined. The possible production volumes of oil in the Caspian Sea region have also been considered in determining the capacity of the transportation pipeline for all alternatives now being developed or discussed: to Novorossiysk, Iran, Makhachkala, Bulgaria, and Georgia.

[Taronna] First of all, we are not the first people working on projects in the Caspian to ask ourselves this question. We still have many stages to complete before reaching the transportation phase. Presently we are engaged in research, then we will begin drilling, etc. We still have time. If we find oil in just one well, we will need several years to exploit it. And any pipeline can be built in four years. In this regard, before beginning construction of an oil pipeline, we will have to have some idea of the possible volumes of raw hydrocarbons. Right now we do not know what these will be. We might find oil, or we might find gas.

[Marabayev] If the oil reserves are sufficient to justify efforts on the part of consortium members to build a pipeline, then we will build it. There are precedents here—pipelines were built in Alaska, in the North Sea, and in other locations. Everything will depend on the volumes of reserves anticipated.

[Bektiyarova] Would you tell us please about plans for this year and prior to 1997?

[Marabayev] We must absolutely complete the planned geophysical work by this time. We have yet to conduct seismic survey research on 35,000 kilometers of profile. This year the studies will be conducted in a 16 by 16 km. grid in the north and 8 by 8 km. grid in the mid-Caspian. Next year we plan to work in the most promising regions. Because of seasonal factors, the work is divided into two phases: 1995-1996 and 1996-1997.

[Bektiyarova] How do you evaluate the investment climate in Kazakhstan, in particular with respect to the laws adopted by presidential edict on taxes and licensing, and the law on oil that is being drafted?

[Marabayev] We are involved in the discussion process with respect to these laws. We are following very closely how they might influence consortium conditions. I took part in developing the draft law on oil. I participated in transactions with Chevron, Elf-Aquitaine, and other firms—German and Canadian companies. I therefore know the situation with respect to contracts. All of them were signed on the basis of international practice. Therefore, we tried to adapt our legislative base to world standards.

This is why we specially stipulated that the draft law on oil not be retroactive, i.e., previously adopted agreements cannot be altered. We guarded ourselves in this manner.

[Taronna] The government asserts that it will act strictly in conformance with the interests of investors. This instills confidence.

Verk on Constitution, Government Promises

954F2519A Almaty KARAVAN in Russian 9 Jun 95 No 23, p 7

[Article by Viktor Verk: "'Invention of the Bicycle' in One Country Individually"]

[FBIS Translated Text] Nothing is eternal beneath the moon, alas! How right was the poet who bestowed this deathless phrase on the world. Just yesterday, attempts were being made to persuade us that our constitution was "holy writ," encroaching on which was permitted no one. Today we can hardly wait for a new one. Because the old one, according to the head of state, was unable to ensure large-scale economic reforms. We were told over and over yesterday that elective authorities locally were essential as a counterweight to the executive. Today they

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have been practically supplanted by the local assemblies of the peoples, which were originally conceived of as a consultative-advisory body under this same executive.

Yesterday we were promised the unconditional triumph of human rights and human liberties. Today reference is being made to dictatorial regimes, which, even though they have infringed these same rights and liberties, have successfully combated organized crime and corruption.

Though we do not have a dictatorship, thank God. We have "democratic order." This was what the president, speaking in Pavlodar recently, termed the political regime which will be introduced in the region. A party of the same name—the Democratic Order Party—has been organized, even. So what awaits us, for all that—democracy or "order"? Following a conviction by a local court, Boris Suprunyuk was taken into custody in Petropavlovsk for having insulted an officer of the Public Prosecutor's Office. Who had, in turn, insulted the Russian president, which Suprunyuk, a citizen of the Russian Federation, simply could not tolerate. In Kokshetau Oblast the chairman of a rayon election commission was killed on the day of the referendum. Killed, according to witnesses, by a police officer, what is more. But all attempts of both representatives of public organizations and of journalists to ascertain the truth in the local and the capital's law enforcement authorities have been to no avail. The former chairman of the former parliamentary Committee for Public Health Care—a principled opponent of the declaration of the last Supreme Council as illegitimate—is under arrest. According to unofficial information, the pretext is the unlawful privatization of an apartment in his home parts, in an oblast center. But are the examples of the unlawful or, let us say, not entirely lawful privatization (and not only of apartments) that infrequent here? It was, after all, no accident that the former prime minister (speaking in the former parliament, incidentally), threw out the "historic words": "Everything here that is distributed is embezzled." Golden words indeed! Particularly if it is recalled that a former member of his cabinet (who was in charge of a key ministry) is still under investigation. And is at the same time... in charge of a firm that is cooperating closely with a private stock company headed by the same former prime minister.

It is not known of what there is more in our fatherland—democracy or order....

The miners in Kentau, driven to despair by the chronic nonpayment of their wages, are striking. Even the personnel of the water- purification works are on strike, what is more, which is threatening the town, which is half-abandoned as it is, with total extinction. At this time the city head (the administration chief, that is) is upgrading his qualifications in the United States, and the management of the Achpolimetall Stock Company... has quickly gone sick en masse. Simply an orgy of democracy! An absolute triumph of order!

It is, truly, worth pondering the words of one well-known legal expert, who said: Why devise a new constitution when the old one is not yet being executed in earnest? Would it not be better to abandon dubious linguistic experiments with the word "democracy" and, having convinced ourselves of its intrinsic value, to set about, finally, bringing customary order to bear in our own country? It would then, perhaps, not be necessary to send messengers to the world's capitals in search of increasingly new loans in order subsequently to be able to maintain yet again that everything that is distributed is embezzled? Indeed, we should not be inventing the bicycle when the world has long since invented a perfectly decent automobile....

Kyrgyzstan

Edict Sets Up Mission to UN in Geneva

LD1506095095 Bishkek Kyrgyz Radio First Program Network in Russian 1100 GMT 14 Jun 95

[FBIS Translated Text] Edict by the president of the Kyrgyz Republic on setting up a permanent representative office of the Kyrgyz Republic to the United Nations and other international organizations in Geneva:

With a view to further developing the cooperation of the Kyrgyz Republic with international organizations and insuring the effectiveness of this, I decree that:

1. A permanent representative office of the Kyrgyz Republic is to be set up to the United Nations and other international organizations in Geneva.

2. The Government of the Kyrgyz Republic is to decide how the permanent office of the Kyrgyz Republic to the United Nations and other international organizations in Geneva is to be maintained.

[Signed] Askar Akayev, president of the Kyrgyz Republic, Government House, Bishkek. 12 June 1995 [Bishkek Kyrgyz Radio First Program Network in Kyrgyz at 1100 GMT on 14 June adds to its report of the above edict that (Erkin Mukashevich Makeyev) has been appointed by presidential edict Kyrgyzstan's permanent representative at the permanent representative office to the United Nations and other international organizations]

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Trade, Economic Cooperation Accord Signed With Tajikistan

LD1506095295 Bishkek KABAR in Russian 1046 GMT 13 Jun 95

[FBIS Translated Text] The Governments of Kyrgyzstan and Tajikistan have signed an agreement on trade and economic cooperation for 1995, based on principles of international law. The agreement was signed as a result of both states' desire to integrate their economies more closely in order to further strengthen and develop the trade and economic relations between them.

The document provides, in particular, for principles of equality and mutual interest in trade and economic cooperation. Transactions for imported and exported goods will take place at free market prices, and deliveries of certain kinds of products will be freed from custom duties.

The procedures for the transit of vehicles, freight, and passengers of the two countries through each other's territory, for the provision of communication services, and for the collection of custom duties will be defined by separate agreements concluded between the relevant ministries and departments of Kyrgyzstan and Tajikistan.

Uighurs Call On PRC To Stop Nuclear Tests

LD1306184995 Bishkek KABAR in Russian 1034 GMT 13 Jun 95

[FBIS Translated Text] Despite the world community's call, the PRC is continuing nuclear tests at the Lop Nur nuclear test site, affecting the health of many ethnic people living around this test site.

Kyrgyzstan's Uighur society, Ittipak, has called on the Chinese Government to stop nuclear testing at the Lop Nur test site where the devastating effect of radiation on nature and the health of the people of the Xinjiang Uighur Autonomous Region, Kyrgyzstan, Kazakhstan, and other states has been continuing for almost 30 years. Today, on the threshold of the 21st Century, when the whole of progressive mankind is trying to secure peace and guarantee comprehensive security and cooperation, the Chinese militarists are challenging the whole world. We demand the complete destruction of arsenals of all types of mass destruction weapons, the appeal says.

Agrarian Labor Party Head Sydykov Interviewed

MM1506090995 Moscow SELSKAYA ZHIZN in Russian 15 Jun 95 p 3

[Interview with Usen Sydykov, chairman of the Kyrgyz Agrarian Labor Party Central Council, by Leonid Kalashnikov; place and date not given: "We Will Not Allow the Countryside To Be Ravaged"; first paragraph is introduction]

[FBIS Translated Text] Kyrgyzstan — Yet another sociopolitical organization — the Agrarian Labor Party — has been created in Kyrgyzstan on the eve of the next elections to the republic Supreme Council. It unites in its ranks large numbers of people employed in the agro-industrial complex. The party's first organizational congress unanimously elected as chairman of the party's Central Council Usen Sydykov, former first secretary of the Osh Oblast Kyrgyz Communist Party Committee and now head of the "Kyrgyzkhleboprodukty" republic state enterprises.

[Kalashnikov] Usen Sydykovich, a few words about the creation of your party, please.

[Sydykov] Sensible people already realize where the new- fangled democrats have taken Kyrgyz agriculture. To take just one aspect: Sheep farming is being wiped out. Even in comparison with the years of pernicious perestroyka the sheep population has more than halved. We are losing rural labor resources. State structures are robbing collective and state farms blind and carrying out real genocide of the peasantry. As a result the Kyrgyz countryside has been reduced to destitution. Our objective is therefore to break the chain of the accelerated disintegration of the countryside which has been imposed from above and prevent people becoming destitute. After all 63 percent of all the republic's inhabitants still live in rural Kyrgyzstan.

[Kalashnikov] What measures does your party intend to take to achieve its plans?

[Sydykov] We recently put a request to President Askar Akayev and the republic government to ensure the countryside's real priorities are met. Namely to eliminate this very year the price disparity between agricultural output and industrial products and pay the countryside the debts owed for last year at least. To initiate preferential credits for agricultural producers — credit today is a strangulating noose. To channel foreign investments into agriculture on a priority basis. And, of course, to ensure a free choice of form of farming for agricultural producers.

[Kalashnikov] And if these noble intentions are obstructed?

[Sydykov] Then we will concentrate all our party's organizational might and successfully urge agricultural producers and other people working in the agro-industrial complex to not sell their output at very low or — let me put it bluntly — rip-off prices. We will also conduct measures of a political nature. In brief, we will act in the way conditions permit us to.

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[Kalashnikov] Usen Sydykovich, let me take the opportunity to congratulate you on being elected a deputy in the republic's new parliament.

[Sydykov] Indeed the inhabitants of southern Kyrgyzstan, and this is a highly populated region of the republic, have given me the right to defend their rights in parliament. We will use this lofty rostrum, too, to implement the party's objectives and tasks and fight the further destruction of the countryside.

[Kalashnikov] With whom might the Agrarian Labor Party pool its efforts against the current destruction of the agro-industrial complex?

[Sydykov] To be precise, with all parties and movements which hold the countryside dear and want to see it different from what it is today — exhausted, tormented, bled dry by out-of-touch pseudo-reformers. To be more specific, I hope we will line up with the Communist Party of Kyrgyzstan in defending the countryside in the present-day situation. They have the most precise and realistic approaches to getting out of the crisis in the agro-industrial complex. I recently met with the Communist leader, Sheraly Sydykov, who happens to share my surname. We had a good and detailed conversation about all of this.

Uzbekistan

Deputy Prime Ministers Meet Japanese Delegation

LD1406184495 Tashkent Radio Tashkent in Uzbek 1000 GMT 14 Jun 95

[FBIS Translated Excerpt] Today, Deputy Prime Ministers Bakhtiyor Hamidov and Otkir Sultonov met with a Japanese delegation from the Overseas Economic Cooperation Fund headed by its chairman Akira Nishigaki. [passage omitted] At the end of the meeting, an agreement was concluded with the granting to Uzbekistan $140 million in order to develop the telecommunications sector, and the sides exchanged notes. Ukeru Magosaki, Japanese ambassador to Uzbekistan, participated in the meeting.

Afghan Bank Official Statement Protested

LD1406214795 Moscow INTERFAX in English 1717 GMT 14 Jun 95

[From the "Diplomatic Panorama" feature: reports by Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov]

[FBIS Transcribed Text] TASHKENT, June 14 (INTERFAX) — The Uzbek Foreign Ministry protested Wednesday [14 June] against the declaration of the Deputy Director of the Afghan Central Bank Abdykadyr Fitrat that Tashkent allegedly makes COUNTERFEIT Afghanis and smuggles them to the neighboring country.

The press service of the Foreign Ministry said the protest was handed to the Afghan charge d'affairs in Uzbekistan.

The Afghan diplomat was told that the circulation of such false rumors does not meet the spirit of neighborliness, non-interference in each other's internal affairs and peaceful coexistence of the two countries.

Presidential Edict on Privatization

LD1506090095 Tashkent NARODNOYE SLOVO in Russian 13 Jun 95 p 1

[Unattributed report: "Edict by the President of the Republic of Uzbekistan on measures to accelerate the transformation of state enterprises into joint-stock companies, and to develop the securities market"]

[FBIS Translated Text] A normative and legal basis, which allows the accelerated transformation of state enterprises into joint-stock companies of the open sort, has been created in Uzbekistan. The government approved the state privatization program, which gives specific expression to the approaches set out in legislation, defines goals and priorities, and sets privatization tasks on a sectoral and territorial basis.

So far, more than 3,000 state enterprises have been transformed into joint-stock companies in the republic. These processes are being carried out actively in the Uzbeklegprom and Uzmyasmolprom associations, as well as in the Andizhan and Samarkand regions and in Tashkent. The brief period of activity of many of the enterprises transformed into joint-stock companies reveals a considerable improvement in their work, growth in shareholders' incomes, the development of a sense of ownership, and the mobilization of creative and labor potential.

However, the leaders of a number of ministries, departments, concerns, and associations show conservatism and incomprehension of the important role and the importance of the procedure of transforming enterprises into joint-stock companies in carrying out the program of economic reform in Uzbekistan. One of the main reasons for the delays and sometimes failure to carry out this procedure is the dependency psychology nurtured by the administrative-command system of management, which still has a hold on directors and the administrative-management corps of enterprises and organizations.

This fact is aggravated by bureaucratism, which has taken a profound root in the work of a number of state

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establishments called on to promote the denationalization and privatization to the utmost, and to provide the necessary explanatory and operational work to intensify these procedures. The executives of a number of subdivisions of the State Property Committee, the Ministry of Finance, the Ministry of Justice, and others often display signs of bureaucratism and obstruction, and are creating artificial obstacles to the timely consideration of the founding documents of enterprises being transformed into joint-stock companies, thereby slowing down the formation of joint-stock companies.

Mechanisms for the organization of the transformation of state enterprises into joint-stock companies have been insufficiently worked out, sometimes producing incidents of abuse in conducting this most important work. The securities market has developed weakly, and the secondary securities market has for all practical purposes not been created.

Not all leaders of ministries, departments, concerns, corporations and associations, regional city and district administrations are playing a personal part in denationalization and privatization, in developing the securities market and the market infrastructure as a whole.

All this leads to the creation of many obstacles to breaking up monopoly structures into smaller units, and allows the continuation of a centralized system of management and allocation of material resources and funds.

As a result, there are unjustifiable delays in the procedure of transforming state enterprises into joint-stock companies in the following economic associations — Uzmashprom, Uzavtodor, Uzplodovoshchvinprom, Uzryba, Uzkhlopkopromsbyt, and Uzpromstroymaterialy — as well as at the ministries dealing with communal services and others, as well as in Namangan, Syrdarya, Ferghana, and Khorezm regions.

With the aim of accelerating the transformation of state enterprises into joint-stock companies, involving the population of the republic widely in this process, and of developing the securities market:

1. To note the unsatisfactory work of the heads of ministries, departments, concerns, corporations, associations, the Council of Ministers of the Republic of Karakalpakistan, regional administrations, and the City of Tashkent on absolute observance of existing legislative and regulatory documents in the sphere of denationalization and privatization.

2. The Cabinet of Ministers of the Republic of Uzbekistan is instructed to approve within a week a single procedure for the transformation of state enterprises into joint-stock companies of the open sort, which envisions maximum simplification of the procedure and reducing the terms for drawing up the appropriate documents, as well as the responsibility of the heads of territorial, branch and production subdivisions for the timely registration and issue of shares and certificates of the joint-stock companies set up. Deriving from this:

— the State Property Committee of the Republic of Uzbekistan is to implement organizational leadership and coordination of the process of transforming state enterprises into joint-stock companies;

— the State Property Committee or its territorial management emerges as the founder of a joint-stock company which is being created on the basis of a state enterprise;

— adoption of an enterprise privatization plan by the State Property Committee or its territorial organization is to be considered a decision on transforming the enterprise into a joint- stock company of the open sort, and joint approval with the Ministry of Finance of the prospects of emission as a decision to issue shares;

— the State Property Committee or its territorial organizations, as the founders of the joint-stock company of the open sort, jointly with the appropriate associations, corporations, concerns, and enterprises are to prepare the necessary documents for the state registration of joint-stock companies, carry out share issue registration, and insure in the established procedure the issue of four packages of shares;

— the state registration of joint-stock companies is to be implemented by the State Property Committee and its territorial organizations in regional administrations [khokimiyats];

— registration duties and other payments in the process of transforming state enterprise into joint-stock companies are not to be collected.

3. With the aim of widely involving the population in the process of transforming state enterprises into joint-stock companies and developing the securities market, it is to be recognized as necessary to set up a system of investment funds, which accumulate the monetary means of the population and insure stable profitability of shares.

Ministries and departments, the Council of Ministers of the Republic of Karakalpakistan, the heads of regions, and of the City of Tashkent are instructed to provide the utmost assistance in setting up investment funds and in their functioning, through targeted allocation of the necessary accommodation, encouraging the development of a system of auditing firms, insuring information and the training of investment fund experts.

4. The Cabinet of Ministers of the Republic of Uzbekistan is instructed to adopt;

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— within a week, a schedule for the issue of shares in state enterprises being transformed in various sectors of the economy in 1995;

— within two weeks, regulations on investment funds, outlining mechanisms to eliminate the possibility of violations and abuse.

5. Personal responsibility for the absolute observance of the procedure and terms of the process of transforming state enterprises from appropriate sectors of the economy into joint-stock companies is to lie with the heads of departments of the Cabinet of Ministers, the State Property Committee, the Ministry of Finance, and the Ministry of Justice of the Republic of Uzbekistan.

6. It is to be established, that:

— incomes of legal persons from share circulation are liable to tax at 15 percent;

— profits from the republic's Tashkent securities market, and from the national depository and investment funds which carry out operations with securities, and which are aimed at the development of their own infrastructure and publicity are not liable for tax up to 1 January 1996.

7. The mass media are instructed to report widely questions related to the development of joint-stock companies and the securities market, and to encourage wide dissemination of the experiences of enterprises which are successfully working with securities.

8. The Ministry of Justice of the Republic of Uzbekistan is instructed to submit proposals within a month to the Cabinet of Ministers on making the appropriate changes to the existing legislation and regulatory documents of the Republic of Uzbekistan.

9. The Cabinet of Ministers is instructed to adopt a resolution on implementing this decree within a week.

[Signed] Islam Karimov, president of the Republic of Uzbekistan, Tashkent City, 12 June 1995.

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Armenia

Draft Constitution Presented

954F2517A Yerevan RESPUBLIKA ARMENIYA in Russian 9 Jun 95 pp 2-3

["Draft Constitution of the Republic of Armenia"]

[FBIS Translated Text] The Armenian people, assuming as the basis the fundamental principles of Armenian statehood and the national goals enshrined in the Declaration of Independence of Armenia, having accomplished the behest of their freedom-loving forefathers concerning the restoration of sovereign statehood, being committed to the cause of its reinforcement and development in the name of the assurance of freedom, general prosperity, and civil harmony for posterity, and confirming their fidelity to the values common to all mankind, adopt the Constitution of the Republic of Armenia.

CHAPTER 1. FOUNDATIONS OF THE CONSTITUTIONAL SYSTEM

Article 1. The Republic of Armenia is a sovereign, democratic, and social state based on the rule of law.

Article 2. Power in the Republic of Armenia belongs to the people.

The people exercise their power by means of free elections and referendums and also via state authorities, local government authorities, and officials specified by the constitution.

The usurpation of power by any organization or individual is a crime.

Article 3. Elections of the president, the National Assembly, and local government authorities and also referendums of the Republic of Armenia shall be conducted on the basis of general, equal, and direct suffrage and by ballot.

Article 4. The state shall ensure the defense of human rights and liberties based on the Constitution and the laws—in accordance with the principles and rules of international law.

Article 5. State power shall be exercised in accordance with the Constitution and the laws—on the basis of the principle of the separation of legislative, executive, and judicial power.

State authorities and officials shall be competent to perform only such actions as those for which they are authorized by legislation.

Article 6. In the Republic of Armenia the supremacy of the law is guaranteed.

The Constitution of the republic has supreme legal force, and its provisions operate directly.

Laws deemed to contravene the Constitution and also other legal documents deemed to contravene the Constitution and laws shall have no legal force.

Laws shall apply only after official publication. Unpublished legal documents affecting the rights, liberties, and obligations of the individual shall have no legal force.

International treaties concluded on behalf of the Republic of Armenia shall apply only after ratification. Ratified international treaties shall be an integral part of the legal system of the Republic of Armenia. If they establish provisions other than those specified in the laws, the provisions of the treaty shall apply.

International treaties contravening the Constitution may be ratified following the appropriate amendment to the Constitution.

Article 7. A multiparty system is recognized in the Republic of Armenia.

Parties are formed freely and facilitate the molding and expression of the political will of the people. Their activity may not contravene the Constitution and the laws, and their structure and modus operandi, the principles of democracy.

Parties shall ensure the openness of their financial activity.

Article 8. Right of ownership is recognized and defended in the Republic of Armenia.

A proprietor shall at his discretion possess, enjoy, and dispose of assets that he owns. Realization of the right to ownership must not be detrimental to the environment or violate the rights and legitimate interests of other persons, society, and the state.

The state guarantees the free development and equal legal protection of all forms of ownership, freedom of economic activity, and unrestricted economic competition.

Article 9. The foreign policy of the Republic of Armenia shall be implemented in accordance with the rules of international law—for the establishment of neighborly and mutual beneficial relations with all states.

Article 10. The state shall provide for the protection and reproduction of the environment and the rational use of natural resources.

Article 11. Historical and cultural monuments and other cultural values shall be under the guardianship and protection of the state.

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The Republic of Armenia shall within the framework of the principles and rules of international law contribute to the preservation of Armenian historical and cultural values located in other states and promote the development of Armenian educational and cultural life.

Article 12. The official language of the Republic of Armenia is Armenian.

Article 13. The flag of the Republic of Armenia is the tricolor: with horizontal even bands of red, blue, and orange.

The coat of arms of the Republic of Armenia depicts in the center of a shield Mount Ararat with Noah's Ark and the coats of arms of the four kingdoms of historical Armenia. The shield is supported by an eagle and a lion, and depicted beneath the shield are a sword, a branch, a sheaf of grain, chains, and a ribbon.

The anthem of the Republic of Armenia is "Our Motherland."

The capital of the Republic of Armenia is Yerevan.

CHAPTER 2. BASIC RIGHTS AND LIBERTIES OF MAN AND CITIZEN

Article 14. The procedure of the acquisition and termination of citizenship of the Republic of Armenia is established by law. Armenians shall acquire citizenship of the Republic of Armenia in a simplified procedure.

A citizen of the Republic of Armenia may not simultaneously be a citizen of another state.

Article 15. Citizens, regardless of nationality, race, sex, language, religious, political, or other views, social origins, and property or other status shall have all the rights, liberties, and obligations established by the Constitution and the laws.

Article 16. All are equal before the law and are equally protected by the law without discrimination.

Article 17. Everyone has the right to life. Capital punishment may henceforward until it is abolished be established by law as an exceptional measure of punishment for heinous crimes.

Article 18. Everyone has the right to liberty and inviolability. A person may not be subjected to arrest or search other than in the procedure established by law. He may be held in custody only by a decision of a court of law—in the established procedure.

Article 19. A person may not be subjected to torture or treatment and punishment that is cruel or degrading.

A person may not be subjected to medical or scientific experiments without his consent.

Article 20. Everyone has the right to protect his private and family life against unlawful interference and his honor and good name against trespass.

The unlawful collection, storage, use, and distribution of details concerning the private and family life of an individual are prohibited.

Everyone has the right to secrecy of correspondence, telephone conversations, and postal, telegraph, and other communications, which may be restricted only by a decision of a court of law.

Article 21. Everyone has the right to inviolability of residence. Entry into a person's residence against his will, except in the instances specified by law, is prohibited.

A residence may be searched only by a decision of a court of law—in the procedure established by law.

Article 22. Each citizen on the territory of the Republic of Armenia has the right to freedom of movement and choice of place of residence.

Everyone has the right to leave the republic.

Everyone has the right to return to the republic.

Article 23. Everyone has the right to freedom of thought, worship, and religious belief. Freedom of religion and expression may be qualified only by the law—on the grounds specified in Article 45 of the Constitution.

Article 24. Everyone has the right to his own opinion. Compelling a person to renounce his opinion or to alter it is prohibited.

Everyone has the right to freedom of speech, including the freedom of search, retrieval, and dissemination of information and ideas via any information media, regardless of borders.

Article 25. Everyone has the right to form with other persons associations, including the creation of trade unions, and to membership of them.

Each citizen has the right to the creation with other citizens of parties and to membership of them.

These rights may be qualified only by law in respect to employees of the armed forces and the law enforcement authorities.

A person may not be compelled to join any party or association.

Article 26. Citizens of the Republic of Armenia who have attained to the age of 18 have the right directly or via elected persons by the free expression of their

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representatives to take part in the governance of the state.

Article 27. Citizens deemed by a ruling of a court of law to be incapable and also those sentenced to imprisonment in accordance with a court judgment that has acquired the force of law and who are serving their sentence may not vote or run for office.

Article 28. Everyone has the right to ownership and inheritance. The right to ownership of land shall not be enjoyed by foreign citizens or stateless persons, except in the instances specified by law. Ownership may be taken away only by a court of law—in the instances specified by law.

Property may be alienated for the needs of society and the state only in exceptional cases on the basis of the law with preliminary equivalent compensation.

Article 29. Each citizen has the right to unrestricted choice of labor.

Everyone has the right to a fair minimum wage no lower than that established by the state and work conditions satisfying safety and hygiene requirements. Citizens shall for the protection of their economic, social, and labor interests have the right to strike. The procedure of the exercise and qualification of this right shall be established by law.

Article 30. Everyone has the right to recreation.

The maximum working hours, days off, and the minimum amount of annual paid leave shall be established by law.

Article 31. Each citizen has for himself and his family the right to a satisfactory living standard, including the right to a dwelling place, and also to an improvement in living conditions. The state shall adopt the necessary measures for the realization of this right.

Article 32. The family is the natural and basic cell of society. The family and mother and child are under the guardianship and protection of society and the state.

Women and men shall when contracting a marriage, in the course of marital life, and at the time of divorce enjoy equal rights.

Article 33. Each citizen has the right to social security supporting old age, disability, and illness, upon loss of the breadwinner and unemployment, and in other instances specified by law.

Article 34. Everyone has the right to health care. The procedure of medical assistance and services shall be established by law.

The state shall implement programs for care of the health of society and promote the development of physical culture and sport.

Article 35. Each citizen has the right to education.

Secondary education in state educational institutions is free of charge.

Each citizen has the right to obtain free higher and other specialized education in state educational institutions on a competitive basis.

The procedure of the creation and activity of nonstate educational institutions is established by law.

Article 36. Everyone has the right to freedom of literary, artistic, scientific, and technical creativity, the use of scientific achievements, and participation in the cultural life of society.

Intellectual property is protected by law.

Article 37. Citizens belonging to national minorities have the right to preserve their traditions and to develop their language and culture.

Article 38. Everyone has the right to defense of his rights and liberties by all means not prohibited by law.

Everyone has the right to judicial remedy concerning his rights and liberties enshrined by the Constitution and the laws.

Article 39. Everyone has for the restoration of his violated rights and also for ascertainment of the substantiation of a charge that has been brought against him the right to a public hearing of his case under conditions of equality and with the observance of all the requirements of justice by an independent and impartial court. From considerations of the protection of the public morals of society, public order, state security, the private life of the parties, and the interests of justice the participation of representatives of the news media and the public in the course of a judicial investigation or a part of it may be prohibited by law.

Article 40. Everyone has the right to legal aid. In the instances specified by law legal aid is rendered free of charge.

Everyone has the right to a defense attorney as of the moment of arrest or custody and when being charged.

Each defendant has the right to a review of sentence in a superior court in the procedure established by law. Each defendant has the right to appeal for a pardon or mitigation of punishment. Restitution for loss shall be made to the victim in the procedure established by law.

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Article 41. A person accused of having committed a crime shall be considered innocent until proven guilty in the procedure established by law—a judgment of a court that has acquired the force of law.

A defendant is not required to prove his innocence. The defendant shall be accorded the benefit of the doubt.

Article 42. No one shall be required to testify against himself, husband (wife), or close relatives. The law may provide for other instances of exemption from the obligation to testify.

The use of evidence acquired in violation of the law is prohibited.

The imposition of a sentence stricter than that which could have been applied according to the law in effect at the time the crime was committed is prohibited.

A person may not be found guilty of a crime if according to the law in effect at the time the act was perpetrated it was not considered a crime.

A law establishing liability or increasing liability shall not be retroactive.

Article 43. The rights and liberties enshrined in the Constitution are not exhaustive and may not be interpreted as a denial of other generally recognized rights and liberties of man and citizen.

Article 44. The basic rights and liberties of man and citizen enshrined in Articles 23-27 of the Constitution may be qualified only by law if this is necessary for the protection of state and public safety, public order, and the health and morals of society and the defense of the rights and liberties, honor, and good name of other persons.

Article 45. Individual rights and liberties of man and citizen, except those specified in Articles 17, 19, 20, 39, and 41-43 of the Constitution, may be temporarily qualified in the procedure established by law in a period of martial law or in the instances specified by clause 14 of Article 55 of the Constitution.

Article 46. Everyone is required in the procedure established by law to pay taxes and fees and charges and to make other compulsory payments.

Article 47. Each citizen shall be required in the procedure established by law to take part in the defense of the Republic of Armenia.

Article 48. Everyone shall be required to observe the Constitution and laws and to respect the rights, liberties, and dignity of other persons.

The use of rights and liberties for the forcible overthrow of the constitutional system, the incitement of national, racial, or religious hatred, or the propaganda of violence and war is prohibited.

CHAPTER 3. THE PRESIDENT OF THE REPUBLIC

Article 49. The president of the Republic of Armenia ensures observance of the Constitution and the normal operation of the legislature, the executive, and the judiciary.

The president of the republic is the guarantor of the independence, territorial integrity, and security of the republic.

Article 50. The president of the republic shall be elected by the citizens of the Republic of Armenia for a five-year term.

Each person who has attained to the age of 35, who has for the past 10 years been a citizen of the Republic of Armenia, who has been permanently resident in the republic for the past 10 years, and who is enfranchised may be elected president of the republic.

One and the same person may not be elected to the office of president of the republic for more than two terms in succession.

Article 51. Presidential elections shall be held 50 days prior to the expiration of the term of the president of the republic in the procedure established by the Constitution and the law.

The candidate who has obtained more than half the votes cast for the candidates shall be deemed to have been elected president of the republic. If the ballot involved more than two candidates and none has obtained the necessary quantity of votes, a second round of voting will be held 14 days after the ballot, in which the two candidates who obtained the largest number of votes may participate. The candidate who in the second round has obtained the largest number of votes shall be deemed to have been elected.

In the event of the ballot involving only one candidate, he shall be deemed to have been elected if he has obtained more than half the votes of the participants in the ballot.

If a president of the republic is not elected, new elections shall be held 40 days after the ballot.

The president of the republic shall assume office the day that the term of the previous president of the republic expires.

The president of the republic elected at new or special elections shall assume office within 10 days following the elections.

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Article 52. If insurmountable obstacles arise for a candidate for president of the republic, the elections for president of the republic shall be postponed for a period of two weeks. In instances of the nonelimination in this period of the obstacles deemed insurmountable or of the death of a candidate before the day of the ballot, new elections shall be held.

The new elections shall be held 40 days after the obstacles have been deemed insurmountable.

Article 53. In the event of the resignation, death, or the impossibility of the president of the republic exercising his authority or of his being relieved of office in the procedure established by Article 57 of the Constitution, special elections for president of the republic shall be held 40 days after the formation of the vacancy.

Article 54. The president of the republic shall assume office at a special session of the National Assembly with the administration of the oath.

Article 55. The president of the republic:

1) shall deliver a report to the people and the National Assembly;

2) after having received a law adopted by the National Assembly, shall sign and publish it within 21 days' time.

The law may within this period of time be returned with objections or suggestions to the National Assembly with a demand for new discussion.

Shall within five days' time sign and publish the law newly adopted by the National Assembly;

3) may after consultations with the chairman of the National Assembly and the prime minister dissolve the National Assembly and schedule special elections. Special elections shall be held no sooner than 30 days and no later than 40 days after the dissolution of the National Assembly.

The National Assembly may not be dissolved within the last six months of the president's term;

4) shall appoint and dismiss the prime minister. Shall on the recommendations of the prime minister appoint and dismiss members of the government.

Shall within 20 days' time, in the event of the National Assembly expressing no confidence in the government, accept the resignation of the government, appoint a prime minister, and form a government;

5) shall make appointments to civil positions in the instances specified by law;

6) may form consultative bodies;

7) shall represent the Republic of Armenia in international relations, exercise overall leadership of foreign policy, conclude international treaties, sign international treaties ratified by the National Assembly, and ratify intergovernmental agreements;

8) shall appoint and recall diplomatic representatives of the Republic of Armenia in foreign states and at international organizations and receive the credentials and letters of recall of diplomatic representatives of foreign states;

9) shall on the recommendations of the prime minister appoint and dismiss the prosecutor general;

10) shall appoint members and the chairman of the Constitutional Court.

May on the basis of findings of the Constitutional Court terminate the authority of a member of the Constitutional Court whom he himself appointed and give his consent to his arrest and the institution of criminal or administrative proceedings against him in legal form;

11) shall appoint in the procedure specified by Article 95 of the Constitution the chairmen and judges of the Court of Cassation and its chambers, appellate courts, trial courts, and other courts and deputy prosecutors general and prosecuting attorneys heading structural subdivisions of the procuracy and may terminate the authority of a judge and give his consent to the arrest and the institution of criminal or administrative proceedings against him in legal form and dismiss prosecuting attorneys whom he has appointed;

12) is the commander in chief of the armed forces and appoints the top command staff of the armed forces;

13) makes the decision on the use of the armed forces in the event of an armed attack on the republic or an immediate threat of it or of a declaration of war by the National Assembly and impose martial law and may announce general or partial mobilization.

In the event of the announcement of martial law, a special session of the National Assembly shall be convened;

14) shall in the event of immediate danger threatening the Constitutional system, following consultations with the chairman of the National Assembly and the prime minister, implement measures dictated by the situation and address a message to the people;

15) shall grant citizenship of the Republic of Armenia and decide the question of the granting of political asylum;

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16) shall bestow decorations and medals of the Republic of Armenia and confer the highest military ranks and honorifics and the highest diplomatic and other class ranks;

17) shall grant pardons for convicted persons.

Article 56. The president of the republic issues edicts and directives, which are subject to execution throughout the republic. Edicts and directives of the president of the republic may not contravene the Constitution and the laws.

Article 57. The president of the republic may be relieved of office for treason or some other serious crime.

To obtain findings on the matter of the dismissal of the president of the republic, the National Assembly shall in accordance with a decision adopted by majority vote of the total number of deputies apply to the Constitutional Court.

A decree on the dismissal of the president of the republic shall be adopted by the National Assembly on the basis of findings of the Constitutional Court by no less than two-thirds vote of the total number of deputies.

Article 58. The resignation of the president of the republic shall be adopted by the National Assembly by majority vote of the total number of deputies.

Article 59. In the event of a serious illness of the president of the republic or other insurmountable obstacles to his exercise of his authority, the National Assembly shall in accordance with a proposal of the government and on the basis of findings of the Constitutional Court adopt by not less than two-thirds vote of the total number of deputies a decision on it not being possible for the president of the republic to exercise his authority.

Article 60. In the event of the office of president of the republic falling vacant, the duties of president of the Republic of Armenia shall until the newly elected president of the republic assumes office be discharged by the chairman of the National Assembly, and if this is not possible, by the prime minister. Dissolving the National Assembly, scheduling a referendum, and appointing or dismissing the prime minister and prosecutor general in this period are prohibited.

Article 61. The procedure of the pay, service, and maintenance of security of the president shall be established by law.

CHAPTER 4. THE NATIONAL ASSEMBLY

Article 62. Legislative power in the Republic of Armenia is exercised by the National Assembly.

The National Assembly shall in the instances specified by Articles 59, 66, 73, 74, 78, 81, 83, 111, and 112 of the Constitution and also on questions of the organization of its activity adopt decrees, which shall be signed and published by the chairman of the National Assembly.

The powers of the National Assembly shall be established by the Constitution.

The National Assembly shall operate in accordance with its standing orders.

Article 63. The National Assembly shall consist of 131 deputies.

The term of the National Assembly shall end in June of the fourth year following its election—on the opening day of the first session of the newly elected National Assembly, when the term of the newly elected National Assembly shall begin.

The National Assembly may be dissolved in the procedure specified by the Constitution.

A newly elected National Assembly may not be dissolved for a year following its election.

The National Assembly may not be dissolved in a period of martial law or in the instances specified by clause 14 of Article 55 of the Constitution and also when a question of the dismissal of the president of the republic has been raised.

Article 64. Any person who has attained to the age of 25, who has been a citizen of the Republic of Armenia for the past five years, who has been permanently resident in the Republic of Armenia for the past five years, and who is enfranchised may be elected deputy.

Article 65. A deputy may not hold other state office or perform other paid work except work that is scientific, pedagogical, or artistic.

The pay and guarantees of the activity of the deputy shall be established by law.

Article 66. The deputy is not bound by an imperative mandate and shall be guided by his conscience and beliefs.

A deputy may not be subjected to prosecution or be arraigned for actions ensuing from his status, for an opinion expressed in the National Assembly included, unless it contains slander and insults.

A deputy may not be arrested or arraigned on criminal or administrative charges in legal form without the consent of the National Assembly.

Article 67. The deputy's term shall end in the event of the expiration of the term of the National Assembly,

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dissolution of the National Assembly, a violation of the conditions of part one of Article 65 of the Constitution, loss of citizenship of the Republic of Armenia, absence from more than half the votes in the course of one session without valid reason, a sentence of imprisonment, his being deemed to be incapable, and his resignation.

The procedure of the termination of the powers of the deputy shall be established by the standing orders of the National Assembly.

Article 68. Elections of the National Assembly shall be conducted within 60 days preceding the expiration of its term.

The procedure of the National Assembly elections shall be established by law.

The elections shall be scheduled by an edict of the president of the republic.

The first session of the newly elected National Assembly shall be convened on the second Thursday following the election of no less than two-thirds of the total number of deputies.

Prior to the election of the chairman of the National Assembly, the sittings of the National Assembly shall be conducted by the senior deputy in terms of age.

Article 69. Sessions of the National Assembly shall be convened twice a year: from the second Monday in September to the second Wednesday in December and from the first Monday in February to the second Wednesday in June.

Sittings of the National Assembly shall be open. A closed sitting may be held in accordance with a decision of the National Assembly.

Article 70. A special session of the National Assembly shall be convened by the president of the republic on the initiative of no less than one-third of the total number of deputies or the government.

A special session shall at the demand of a majority of deputies of the National Assembly be conducted in accordance with the agenda and within the timeframe established by the sponsor.

A special session may not last more than six days.

A special sitting of a session of the National Assembly shall be convened by the chairman of the National Assembly—on the initiative of the government or no less than one-third of the total number of deputies.

A special sitting shall be conducted in accordance with the agenda and within the framework established by the sponsor.

Article 71. Laws and decrees of the National Assembly shall, except in the instances specified by Articles 57, 58, 59, 72, 74, 84, and 111, part four of Article 75, part one of Article 79, and clause three of Article 83, be adopted by majority vote of the deputies present at the sitting, if more than half the total number of deputies have taken part in the vote.

Article 72. The National Assembly shall discuss out of turn a law returned by the president of the republic.

In the event of a rejection of the objections and proposals of the president of the republic, the National Assembly shall once again adopt the returned law by majority vote of the total number of deputies.

Article 73. Six standing commissions and, if necessary, temporary commissions, shall be created in the National Assembly.

Standing commissions shall be created for the preliminary discussion of draft laws and other proposals and the presentation of findings on them to the National Assembly.

Temporary commissions shall be formed for the preliminary discussion of individual draft laws or the presentation to the National Assembly of findings and information on particular events and facts.

Article 74. Following the formation of a newly elected National Assembly or its own formation, the government shall within 20 days present for the approval of the National Assembly a program of its activity, raising at the sitting of the National Assembly the question of a vote of confidence.

A draft decree on an expression of no confidence in the government may be presented by no less than one-third of the total number of deputies within 24 hours following the statement of the question of a vote of confidence.

A draft decree on an expression of no confidence in the government shall be put to the vote no sooner than 48 hours and no later than 72 hours after it has been submitted. A decision shall be adopted by majority vote of the total number of deputies.

In the event of a draft decree on an expression of no confidence in the government not being submitted or of such a decision being rejected, the program of its activity shall be deemed to have been approved.

In the event of the adoption of a decision on an expression of no confidence, the prime minister shall tender to the president of the republic the government's resignation.

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Article 75. The right of legislative initiative in the National Assembly shall belong to the deputies and the government.

The government shall establish the order of priority of discussion of the draft laws that it submits and may demand that they be put to the vote with amendments acceptable to it alone.

The National Assembly shall discuss a decision of the government that is deemed urgent and put it to the vote within a month's time.

The National Assembly shall discuss draft laws reducing the revenue or increasing the expenditure of the state only if it has to hand findings of the government and shall adopt them by majority vote of the total number of deputies.

The government may raise the question of confidence in connection with the adoption of a draft law that it has submitted. Unless the National Assembly adopts in the procedure established by Article 74 of the Constitution a decision on an expression of no confidence in the government, the draft law submitted by the latter shall be deemed to have been adopted.

The government may raise the question of confidence no more than twice in the course of one session in connection with the adoption of a draft law that it has submitted.

Article 76. The National Assembly shall confirm the state budget on the recommendations of the government. In the event of nonconfirmation of the state budget prior to the start of the budget year, expenditure shall be in the proportions of the budget of the previous year.

The procedure of discussion and confirmation of the state budget shall be established by law.

Article 77. The National Assembly shall exercise supervision of administration of the state budget and also of the use of the loans and credit obtained from foreign states and international organizations.

The National Assembly shall discuss and confirm the annual report on administration of the state budget with findings of the National Assembly Control Chamber to hand.

Article 78. For the purpose of legislative backing for the program of activity of the government the National Assembly may authorize the government to adopt decrees with the force of law which operate for the timeframe established by the National Assembly and which may not contravene the laws. These decrees shall be signed by the president of the republic.

Article 79. The National Assembly shall by majority vote of the total number of deputies elect a chairman of the National Assembly for its whole term.

The chairman of the National Assembly shall conduct sittings, dispose of the material and financial resources of the National Assembly, and make provision for its normal activity.

The National Assembly shall elect two deputy chairmen of the National Assembly.

Article 80. Deputies shall be entitled to put questions to the government. Each week during a regular session the prime minister and members of the government shall in the course of one sitting answer deputies' questions.

The National Assembly shall not adopt decrees in connection with the deputies' questions.

Article 81. The National Assembly shall in accordance with a proposal of the president of the republic:

1) announce an amnesty;
2) ratify or denounce international treaties of the Republic of Armenia. The range of international treaties to be ratified by the National Assembly shall be established by law;
3) declare war.

In accordance with findings of the Constitutional Court, the National Assembly may terminate the implementation of the measures specified by clauses 13 and 14 of Article 55 of the Constitution.

Article 82. As proposed by the government, the National Assembly shall confirm the administrative-territorial division of the republic.

Article 83. The National Assembly:

1) shall appoint in accordance with a proposal of the president of the republic the chairman of the Central Bank and his deputy;
2) shall appoint, in accordance with a proposal of the chairman of the National Assembly, the chairman of the Control Chamber of the National Assembly and members of the Constitutional Court, and from the ranks of the Constitutional Court, the chairman of the Constitutional Court.

In the event of the National Assembly failing to have appointed a chairman of the Constitutional Court within 30 days following the formation of the Constitutional Court, the chairman of the Constitutional Court shall be appointed by the president of the republic;

3) may on the basis of findings of the Constitutional Court terminate the authority of a member of the

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Constitutional Court whom it has appointed and give its consent to his arrest or the institution of criminal or administrative proceedings against him in legal form.

Article 84. The National Assembly shall by majority vote of the total number of deputies express no confidence in the government. It may not avail itself of this right in a period of martial law or in the instance specified by clause 14 of Article 55 of the Constitution.

CHAPTER 5. THE GOVERNMENT

Article 85. Executive power in the Republic of Armenia is exercised by the Government of the Republic of Armenia.

The government shall consist of a prime minister and ministers. The powers of the government shall be established by the Constitution and the laws.

The structure and procedure of the activity of the government shall be established by an edict of the president of the republic on the recommendations of the prime minister.

Article 86. Sessions of the government shall be convened and conducted by the president of the republic or, on his behalf, by the prime minister.

Decrees of the government shall be signed by the prime minister, and certified, by the president of the republic.

In the instances specified by Article 59 of the Constitution the prime minister shall in accordance with a demand of a majority of members of the government convene a session of the government and chair it.

Article 87. The prime minister shall direct the current activity of the government and coordinate the work of the ministers.

The prime minister shall adopt decrees. Decrees of the prime minister shall in the instances specified by the procedure of activity of the government be signed also by the ministers implementing them.

Article 88. A member of the government may not be a member of some representative body or hold other state office or perform other paid work.

Article 89. The government shall:

1) present in the procedure specified by Article 74 of the Constitution for approval by the National Assembly the program of its activity;

2) present for confirmation by the National Assembly the draft state budget and provide for administration of the budget, in which connection it shall present an account to the National Assembly;

3) administer state property;

4) provide for the implementation of a single official financial- economic, credit, and tax policy;

5) provide for the implementation of state policy in the sphere of science, education, culture, health care, social security, and environmental protection;

6) provide for the realization of the defenses, national security, and foreign policy of the republic;

7) adopt measures to strengthen legality, defend the rights and liberties of the citizens, and safeguard property and public order.

Article 90. The government shall present for discussion by the National Assembly the draft state budget no fewer than 60 days prior to the completion of the budget year and may demand that the latter be put to the vote prior to the completion of this period with the amendments it has adopted. In connection with the voting of the budget the government may raise the question of a vote of confidence. If the National Assembly does not express no confidence in the government in the procedure specified by Article 74 of the Constitution, the state budget with the amendments adopted by the government shall be deemed to have been approved.

In the event of the National Assembly expressing no confidence in the government in connection with the voting of the budget, the new government shall within 20 days present the National Assembly with a draft budget, which shall be discussed and confirmed in the procedure established by this article—within 30 days.

CHAPTER 6. THE JUDICIARY

Article 91. Justice in the Republic of Armenia shall be administered only by the courts—in accordance with the Constitution and the laws.

In the instances established by law judicial proceedings shall be conducted with the participation of a jury.

Article 92. Trial courts, appellate courts, and the Court of Cassation are courts of general jurisdiction of the Republic of Armenia.

Economic and military courts and also other courts specified by the law shall operate in the Republic of Armenia.

The creation of special courts is prohibited.

Article 93. Decisions, judgments, and decrees that have acquired the force of law shall be reconsidered in the Court of Cassation on the basis of protests of the prosecutor general and his deputies or of attorneys who are specially licensed and registered with the Court of Cassation.

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Article 94. The guarantor of the independence of the judicial authorities is the president. He is head of the Justice Council.

The minister of justice and the prosecutor general are deputy chairmen of the council.

The council also includes 14 members appointed by the president of the republic for a five-year term, two of whom are legal scholars, nine, judges, and three, prosecuting attorneys.

Three members of the council each are appointed from judges of trial courts, appellate courts, and the Court of Cassation. General meetings of judges shall nominate by ballot three candidates per seat.

The prosecuting attorney candidate members of the council shall be nominated by the prosecutor general.

Article 95. The Justice Council shall:

1) compile in accordance with a proposal of the minister of justice and present for confirmation to the president of the republic annual lists of the fitness for office and promotion of judges, on the basis of which appointments shall be made;

2) compile in accordance with a proposal of the prosecutor general and present for confirmation by the president of the republic annual lists of the fitness for office and promotion of prosecuting attorneys, on the basis of which appointments shall be made;

3) propose candidates for the chairmen and judges of the Court of Cassation and its chambers and the chairman of appellate courts, trial courts, and other courts and produce findings on the candidates for other judges presented by the minister of justice;

4) produce findings on the candidates for deputy prosecutor general and prosecuting attorneys in charge of structural subdivisions of the Public Prosecutor's Office presented by the prosecutor general;

5) present proposals on the conferment on judges and prosecuting attorneys of class ranks;

6) present a proposal on its consent to the termination of the authority of a judge, the arrest of a judge, and the institution of criminal or administrative proceedings against him in legal form;

7) subject judges to disciplinability. When questions of the institution of proceedings against judges are being decided, sessions of the Justice Council shall be conducted by the chairman of the Court of Cassation. The president of the republic, the minister of justice, and the prosecutor general shall not take part in these sessions;

8) at the request of the president of the republic, express its opinion on matters concerning a pardon.

The procedure of the activity of the Justice Council shall be established by law.

Article 96. A judge and a member of the Constitutional Court are irremovable. A judge shall occupy his position until he has reached the age of 65, a member of the Constitutional Court, the age of 70. Their terms shall end only in the instances and in the procedure specified by the Constitution and the law.

Article 97. In the administration of justice a judge and a member of the Constitutional Court are independent and subordinate only to the law.

Guarantees of the activity and the principles and procedure of liability of a judge and a member of the Constitutional Court shall be established by law.

Article 98. A judge and a member of the Constitutional Court may not hold other state office or perform other paid work other than work that is scientific, pedagogical, and artistic.

A judge and a member of the Constitutional Court may not be members of any party or engage in political activity.

Article 99. The Constitutional Court shall consist of nine persons, five of whom shall be appointed by the National Assembly. Four, by the president of the republic.

Article 100. The Constitutional Court shall in the established procedure:

1) establish the conformity to the Constitution of laws, decrees of the National Assembly, edicts and directives of the president of the republic, and decrees of the government;

2) establish prior to the ratification of an international treaty the conformity to the Constitution of the commitments enshrined in it;

3) resolve disputes connected with the results of referendums and the elections of the president of the republic and deputies;

4) deem insurmountable or to have been eliminated obstacles that have arisen for candidates for president of the republic;

5) produce findings on the existence of grounds for dismissal of the president of the republic;

6) produce findings on the measures specified by clauses 13 and 14 of Article 55 of the Constitution;

7) produce findings on the impossibility of the president of the republic's exercise of his authority;

8) produce findings on the termination of the authority of a member of the Constitutional Court, his arrest, and the institution of criminal or administrative proceedings against him in legal form;

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9) render in the procedure established by law decisions on the suspension or prohibition of a party's activity.

Article 101. The following may apply to the Constitutional Court:

1) the president of the republic;
2) no less than one-third of the deputies;
3) candidates for president of the republic and for deputy—on disputes connected with election results;
4) the government—in the instances specified by Article 59 of the Constitution.

The Constitutional Court shall consider a case only if there is the corresponding petition.

Article 102. The Constitutional Court shall adopt rulings and findings—no later than 30 days after having received a petition.

Rulings of the Constitutional Court are final and not subject to review and take effect the moment they are published.

Matters specified by clauses 1-4 of Article 100 of the Constitution shall be decided by the Constitutional Court by majority, and specified by clauses 5-9, by not less than two-thirds vote of the total number of members.

Article 103. The Public Prosecutor's Office of the Republic of Armenia is a unified, centralized system, of which the head is the prosecutor general.

The Public Prosecutor's Office:

1) initiates a criminal prosecution in the instances and the procedure specified by law;
2) exercises supervision of the legality of the pretrial investigation and preliminary inquiry;
3) presses charges in court;
4) brings suit in defense of state interests;
5) lodges protests against decisions, judgments, and rulings of the courts;
6) exercises supervision of the application of punishments and other forms of compulsion.

The Public Prosecutor's Office operates within the authority accorded it by the Constitution on the basis of the Law on the Public Prosecutor's Office.

CHAPTER 7. TERRITORIAL ADMINISTRATION AND LOCAL GOVERNMENT

Article 104. Oblasts and communities are the administrative-territorial units of the Republic of Armenia.

Oblasts consist of rural and urban communities.

Article 105. Local government is exercised in the communities.

For the administration of communal property and the solution of questions of communal significance the following local government authorities are elected for a three-year term: a council of elders of the community composed of five to 15 persons and a leader of the community—the mayor of a city or a village elder.

The leader of the community forms his own administration.

Article 106. The community council of elders shall on the recommendations of the leader of the community vote a budget of the community, supervise administration of the budget in the procedure established by law, and establish local taxes and payments.

Article 107. State administration is exercised in the oblasts.

The government in the oblasts appoints and dismisses leaders of the oblasts, who realize the government's regional policy and coordinate the activity of the regional services of republic executive authorities.

Article 108. The city of Yerevan has oblast status.

The mayor of Yerevan is appointed on the recommendations of the prime minister and dismissed by the president of the republic.

Local government in Yerevan is exercised in neighborhood communities.

Article 109. The government may on the recommendations of the leader of the oblast, in the instances established by law, dismiss the leader of a community.

In the event of the dismissal of the leader of a community in accordance with a decision of the government, special elections shall be held within 30 days' time. Until the newly elected leader of the community has assumed office, the prime minister shall appoint an acting leader of an urban community, and the leader of the oblast, of a village community.

Article 110. The procedure of the elections and the powers of the local government authorities shall be established by the Constitution and the laws.

CHAPTER 8. ADOPTION AND REVISION OF THE CONSTITUTION AND THE REFERENDUM

Article 111. The Constitution shall be adopted or amendments made to it by way of a referendum on the initiative of the president of the republic or the National Assembly.

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A referendum shall be scheduled by the president of the republic on the recommendations or with the consent of a majority of the total number of deputies of the National Assembly.

Within 21 days' time following receipt of a draft of the Constitution or amendments to be made to it, the president of the republic may return them to the National Assembly with his objections and suggestions, demanding a new discussion.

The president of the republic shall within the timeframe established by the National Assembly put to a referendum the draft of the Constitution or amendments to be made to it once again proposed by the National Assembly by no less than two-thirds vote of the total number of deputies.

Article 112. Laws shall be put to a referendum at the proposal of the National Assembly or the government—in the procedure established by Article 111 of the Constitution.

Revisions to laws adopted by way of referendum shall be made only by referendum.

Article 113. A draft put to a referendum shall be considered adopted if more than half the participants in the ballot, but not less than one-third of citizens on the electoral rolls, have voted for it.

Article 114. Articles 1, 2, and 114 of the Constitution are not subject to revision.

CHAPTER 9. TRANSITIONAL PROVISIONS

Article 115. This Constitution shall take effect on the basis of the results of the referendum as of the moment of official publication.

Article 116. As of the moment the Constitution takes effect:

1) the 1978 Constitution with the subsequent revisions and addenda and also constitutional statutes shall lapse;

2) laws and other legal documents of the Republic of Armenia shall operate to the extent that they do not contravene the Constitution;

3) the president of the republic shall exercise the authority accorded him by the Constitution. The vice president shall carry out the assignments of the president up to the completion of his term;

4) the National Assembly shall exercise the authority accorded it by the Constitution. The provisions of part one of Article 63 and Article 64 and part one of Article 65 of the Constitution shall apply for the National Assembly of subsequent convocations. Prior to this, Articles 4 and 5 of the Constitutional statute of 27 March 1995 shall operate;

5) prior to the formation of the Constitutional Court, international treaties shall be ratified without its findings;

6) village, township, city, and rayon councils of deputies and their executive bodies shall continue to exercise the authority established by law prior to the adoption of legislation in conformity with the Constitution on organs of territorial administration and local government.

Prior to the adoption of legislation on organs of territorial administration and local government, the right to express no confidence in the chairmen of city and rayon councils of deputies is accorded the National Assembly;

7) rayon (city) people's courts and the Supreme Court shall prior to the adoption in accordance with the Constitution of legislation on judicial administration and judicial proceedings and the formation of a new judicial system continue to function within the bounds of their former authority;

8) state arbitration shall prior to the formation of an economic court continue to function within the bounds of its former authority;

9) the authority of judges of rayon (city) people's courts shall be extended for a term of up to six months, within which the president of the republic shall in accordance with a proposal of the Justice Council appoint for a three-year term judges of rayon (city) people's courts;

10) the term of members of the Supreme Court shall be extended until the formation of the Court of Cassation, but for no more than three years;

11) until the new judicial system has been formed, the Justice Council shall be composed of 11 members appointed by the president of the republic, two of whom shall be legal scholars, six, judges, and three, prosecuting attorneys. Three members of the council each shall be appointed from judges of rayon (city) people's courts and the Supreme Court—in the procedure established by Article 94 of the Constitution.

The council shall be headed by the president of the republic. The minister of justice and the prosecutor general shall be deputy chairmen of the council.

The Justice Council shall exercise the authority accorded it by the Constitution;

12) prior to the adoption of a law on the Public Prosecutor's Office, the Public Prosecutor's Office shall exercise the authority accorded it by the Constitution in accordance with current legislation;

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13) the Supreme Court shall review the judgments, decisions, and rulings of courts that have acquired the force of law on the basis of protests of the prosecutor general and his deputies and specially licensed prosecuting attorneys registered with the Supreme Court;

14) prior to the alignment with the Constitution of the Code of Criminal Procedure, the former procedure of search and arrest shall continue.

Article 117. The day that the Constitution is adopted shall be declared a holiday—Constitution Day.

Scholars Criticize Education System, Minister

NC1406141395 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0919 GMT 14 Jun 95

[FBIS Transcribed Text] Yerevan ("AZG" daily), 06/14/95 — A joint session of experts from RA [Republic of Armenia] National Academy of Sciences and Armenistics Center of the Yerevan State University was held in Yerevan on May 23 and 30. Chairman of Supreme Council Permanent Commission on Education, Science, Language, and Culture R.Ghazaryan, Deputy Minister of Education A.Sahayan participated in the session.

The session discussed the projects for changes in the system of schools by the Ministry of Education and accepted a declaration, signed by eight leaders of institutes and departments in the system of the Academy of Sciences and Yerevan State University.

Having acquainted with the project of changes in the system of public education, the participants of the session concluded that implementation of the program of Acting Minister of Education Ashot Bleian may result in bad consequences for further development of schools in Armenia. His approaches may cause a serious danger to upbringing of students with the Armenian spirit and, in some cases, will deprive children from historic memory. Students may graduate after required eight years of education and have no idea about true history of Armenian people, about masterpieces of famous Armenian classical writers. Switching to the system of paid education, even partially, will result in heavy consequences for the school system. A significant part of the population in Armenia is unable to pay, and education will become a monopoly for certain layers of the population.

The decision to decrease the required volume of teaching natural sciences (physics, chemistry, biology) and foreign languages, and their complete presentation in the paid section surprises and worries us.

And the most worrying fact is that this project of "improvements" in the school system has been affirmed by RA Government, without preliminary discussion and testing.

Based on above mentioned, the session decided:

1. To consider inappropriate of holding the position of Acting Minister of Education by Ashot Bleyan, and to ask the President of the republic to soon resolve the problem of assigning a new minister.

2. To create a group of qualified experts of educational institutions of the National Academy of Sciences for the development of a new project of changes in the school system.

Azerbaijan

Activity Leading to Formation of 'Karabakh Consortium'

NC1406152195 Baku TURAN in English 1314 GMT 14 Jun 95

[FBIS Transcribed Text] Baku (June 14) TURAN—Early September the Production sharing contract on the "Karabakh" oil-field in the Azeri section of the Caspian is expected to be concluded by the SOCAR [Azerbaijani State Oil Company] and the joint-stock oil company "LUKoil". Currently they negotiate on this effect.

During its visit to Baku from June 7 to 8 President of LUKoil Vahid Alekperov signed the document "Basic principles of agreement" on research, development and distribution of the oil, the resources of which in this oil-field total 50 million tons.

Besides Lukoil the "Karabakh consortium" will include the joint ventures "LUKoil-AGIP" and "Azeri-LUKoil" recently registered in Azerbaijan, as well as "AGIP" (Italy) and Pennzoil (U.S.) companies. The last two companies will participate in the project on the basis of assignment of SOCAR's share to "Pennzoil" and LUKoil's share to AGIP. The assignment mechanism is stipulated in "Basic principles of agreement".

The joint venture "LUKoil-AGIP" will be the operator of the project, which, according to preliminary dates, will have 30 percent of the bloc of shares.

The geological and geophysical research will be conducted on the first stage of the project's implementation. These research works will have to confirm the existence of resources and define the commercial advisability of the development of the oil-field.

The specialists say that the resources of this oil-field can exceed the forecaster sum many times and the parties signed the preliminary document do not have doubts to this effect. They speak about 30 years of exploitation of the "Karabakh" oil-field.

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Lukoil Receives Largest Share in 'Karabakh' Oil Deposit

MK1406125095 Moscow KOMMERSANT-DAILY in Russian 14 Jun 95 p 9

[Unattributed report in the "Records" column: "'Lukoil' Has Become a New Consortium Leader in Azerbaijan"]

[FBIS Translated Text] At the end of last week, a "Lukoil" oil company delegation headed by its President Vagit Alekperov returned from Baku, where multilateral agreement on joint development of the "Karabakh" oil deposit in the Azerbaijani sector of the Caspian shelf was signed. Thus, another international oil consortium has been created in the republic, with shares to be distributed as follows: "Lukoil," 35 percent; Italian Agip and U.S. Pennzoil companies, 30 percent each; and Azerbaijani Socar state oil company, 5 percent. According to Vagit Alekperov, oil reserves of the deposit to be extracted exceed 100 million tonnes. This means that in the process of its development, the Russian company will receive approximately the same amount of raw materials as in the consortium which is to develop the "Azeri," "Chirag," and "Gyuneshli" deposits, where its share accounts for 10 percent. "Lukoil's" leading role in the consortium is assured not only by its greatest share, but also by the traditionally friendly relations of this company with Agip, another major participant in this project. In accordance with the agreement signed in Baku, a joint working group of participating companies' representatives must prepare and coordinate the text of the contract to be signed later by the companies' leaders.

Georgia

Risk Seen of Balkan-Type Development in Russia

AU1406131395 Vienna DER STANDARD in German 14-15 Jun 95 p 2

[Interview with Georgian President Eduard Shevardnadze by Alexandra Foederl-Schmid; place and date not given: "Fragmentation Inadmissible"]

[FBIS Translated Text] [Foederl-Schmid] How could the aspirations for independence of the nations in the Caucasus region be solved?

[Shevardnadze] Russia is having problems maintaining its unity after the collapse of the Soviet Union. If the fragmentation of the territory continues, this will have very dangerous consequences for the world. The danger of aggressive separatism has been underrated by Western politicians and the international community.

[Foederl-Schmid] What can the West do to support a peaceful development?

[Shevardnadze] They could demonstrate more continuity in cooperation and show more interest. Investments, too, should become more intensive. In addition, everyone should express themselves against separatism, extremism, and terrorism.

[Foederl-Schmid] What is your opinion on the Russian intervention in Chechnya?

[Shevardnadze] The fragmentation of a country's territory is inadmissible. The Yugoslav example confirms this. Should something similar happen in Russia — God forbid — the dimensions of the Yugoslav tragedy would be nothing by comparison.

[Foederl-Schmid] What do you think of the plans to expand NATO to the east?

[Shevardnadze] The intentions do not entail a danger if the balance of the different interests is observed. Russia cannot make very far-reaching concessions. The process must be planned on a long-term basis. Pressure is bound to create problems.

[Foederl-Schmid] The parliament of the secessionist province of Abkhazia stated its intention several weeks ago to join Russia. Does this spell the division of Georgia?

[Shevardnadze] Say what you like. Such statements will not be taken seriously by any international organization. The Russian Government supports Georgia's territorial integrity.

Outrage Over Bodyguards Deployed Throughout Parliament

LD1406222895 Tbilisi IPRINDA in Russian 1400 GMT 14 Jun 95

[FBIS Translated Text] Tbilisi, 14 Jun (IPRINDA) — On 14 June Head of State Eduard Shevardnadze received CIS ministers of internal affairs. Viktor Yerin, Russian minister of internal affairs, noted that the ministers got together to solve important issues. In connection with the situation in Chechnya, he thanked the leadership of Georgia for protecting its borders. Yerin noted in conclusion: "We are doomed to friendship."

Shevardnadze referred to the ministers as his colleagues. (Shevardnadze was Georgia's interior minister during the stagnation period.) He noted that there is the need to go through the process of integration because this would be impossible without fighting crime. The head of state also praised Shota Kviraia, Georgian minister of internal affairs, noting that under his authority the crime situation had improved.

An IPRINDA correspondent reports that a number of MPs have expressed outrage over the fact that

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while the ministers were meeting Shevardnadze in his office, Yerin's security team was in full gear, and took positions on every floor and in every corridor of the parliament. In the deputies's words, no representative of a foreign country has the right to behave like this.

Border Troops Commander Clarifies Russian Agreement

AU1406155695 Tbilisi 7 DGHE in Georgian 2-8 Jun 95 p 1,5

[Report by Mirian Lebanidze: "'It Will Take 12-15 Years To Create Border Troops"]

[FBIS Translated Excerpt] It was decided at the meeting between Deputy Prime Minister Avtandil Margiani and Colonel General Viktor Zemtsov, commander of the Russian Border Troops in the Caucasus, that 800 Georgian conscripts will serve in Russian border units. Each soldier will be paid 300,000 rubles monthly. The cost of protecting the border at Achara and Samtse-Javakheti will be borne entirely by Georgia and Turkey. The Georgian authorities have already allocated 2 billion rubles.

Gen. Valeri Chkheidze, commander of the Georgian Border Troops, has denied this new information. Batoni [Georgian polite form of address] Chkheidze has stated that the agreement according to which Georgia pays 40 percent and Russia 60 percent of the costs for controlling the Georgian-Turkish border remains in force. According to Gen. Chkheidze, the issue of Georgian recruits serving in Russian border units has been under discussion for a long time. The commander does not see anything bad in this as: Georgians will be given the choice of wearing a Georgian or a Russian military uniform; they will swear an oath of allegiance to Georgia and not Russia; they will perform their military service on Georgian territory.

One may assume that the Georgian recruit who is destined to serve in the Border Troops will choose to serve in the Russian unit as the food, clothing, and pay are far better than in the national Armed Forces. These three aspects are most important for a soldier. Naturally, Russia will not be satisfied just with Georgian recruits wearing Russian uniforms. According to Gen. Chkheidze, the new agreement is advantageous to Georgia: Over two years, young officer cadres will be formed and if a small number of these remain in military service, this will be an important acquisition for the Georgian Border Troops.

Batoni Chkheidze believes the presence of the Russian Army on Georgian territory is justified as the Georgians do not have the forces to protect the southern border. The commander is worried by the fact that the law on border troops has not been issued yet and border troops do not know who is to be viewed as having violated border regulations and who is to be viewed as an enemy. Citizens of CIS states, for example Russians, cannot enter Georgia without a visa or by presenting the old Soviet passport, which often creates confusion.

The Georgian Border Troops are experiencing an acute shortage of specialists. The commander is dissatisfied with the level of training of professional border troops in the military academy. They have submitted a program of indoctrination, training, and advanced training of officers to the Cabinet of Ministers. Old dogmas are being violated in the Georgian Border Army that is still at the formation stage. According to the commander, the military tenets of the Soviet period have become outdated and need renewing. Entry points that controlled a radius of several meters are being replaced by the principle of guard posts; the border will be protected not by local border guards, but by those from other regions. We can attribute this "reform" to the replacement of border guards at the Qazbegi entry point. The command that came to inspect the border strip was convinced once more that a detachment made up of local people not only failed to control the state border but also often broke the law. Today, personnel from the officer cadre are posted in Qazbegi.

Batoni Chkheidze points out that, in spite of the difficulties, certain guard posts are more or less carrying out their duties. [passage omitted]

The Georgian-Armenian border is of particular concern to Batoni Chkheidze. The law is being systematically violated there: They are smuggling out timber, fuel.... Several Georgian border guards have died in clashes with smugglers. The guard post has to be strengthened. [passage omitted]

Batoni Chkheidze points out that, in the final analysis, the situation on the Georgian state border is most serious and the competence of Georgian border guards cannot stand up to criticism. "It will take 12-15 years to create Georgian Border Troops," Gen. Chkheidze states.

Russian Border District Commander Meets Ardzhinba

LD1506113595 Moscow Russian Television Network in Russian 1600 GMT 14 Jun 95

[FBIS Translated Text] Colonel General Viktor Zemtsov, commander of the troops of the Caucasian special border district, who arrived in Sukhumi today, had a meeting with Abkhazia's President Vladislav Ardzhinba. After a one-to-one meeting, Viktor Z E m tsov told the press that his visit to Abkhazia had yielded good results. He expressed gratitude personally

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to the president and the government of the republic for the great assistance and support which are being given to Russian border guards stationed in Abkhazia. The commander of the border district stressed that naval vessels taking up position in the roadstead off the Abkhaz coast have nothing to do with an economic blockade of Abkhazia — they are there in connection with the latest events in Chechnya. At the same time, Viktor Zemtsov categorically rejected the possibility of weapons penetrating into Russia via Abkhazia, or of any movement of Chechen militants.

[Begin Zemtsov recording] We are very grateful to the president, to the members of the government and the leadership of the republic for very correctly understanding the Russian position. [end recording]

Later today the commander of the Caucasian border district left Abkhazia.

Ardzinba Denies Groups Formed To Fight in Chechnya

LD1306140195 Moscow ITAR-TASS in English 1321 GMT 13 Jun 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW June 13 (ITAR-TASS) — Abkhazia's President Vladislav Ardzinba dismissed media reports that armed groups were being formed in Abkhazia to fight on the side of Chechen rebels.

Ardzinba said in an interview with ITAR-TASS today that neither the alleged Khadzharat movement nor a Chechnya Salvation Committee exist in Abkhazia. "The people of Abkhazia will never do anything that might cause harm to Russia," Ardzinba stressed. Ardzinba voiced surprise about the allegations that some 300 fighters were preparing to go to Chechnya for "fighting the federal forces". Abkhazia has no forces hostile to Russia, Ardzinba argued. He added that the CIS' external rim is guarded by Russian border troops, and it would be a sin to cast aspersions on their service.

According to Ardzinba, the media stir over the Abkhazian volunteer support to Chechen rebels is designed to sow discord in relations between Russia and Abkhazia. "The (relations) have recently gained momentum when the republic's conference of Abkhazian citizens expressed will for unity with Russia. This turn of historical events is disliked by those who are set on solving all controversies only by power means, this is why various myths are emerging," Ardzinba said.

Persecution of Abkhaz Armenians Claimed

LD1506105295 Tbilisi CONTACT INFORMATION AGENCY in Russian 1314 GMT 14 Jun 95

[FBIS Translated Text] Tbilisi [dateline as received] — The press service of the Supreme Council of the Autonomous Republic of Abkhazia has issued a statement today concerning the activity of Abkhazia's Armenian community during the hostilities and in particular the setting up of a detachment named after [Soviet marshal Ivan] Bagramyan. Many Georgian civilians have died at the hands of paramilitaries from that detachment.

The statement says that an article has recently appeared in the Armenian press describing the difficult position of the Abkhaz community in Abkhazia and many incidents of persecution of persons of Armenian nationality. It came like "a bolt from the blue" for the hundreds of thousands of Georgian refugees, especially because of the fact that in the past the mass media of friendly Armenia preferred not to report atrocities committed by members of the Bagramyan detachment against Abkhazia's Georgian population.

Nevertheless, the press service of the Supreme Council of the Autonomous Republic of Abkhazia sympathizes with the tragic position of the Armenian community and holds Ardzinba's criminal regime fully responsible for what has been committed against the Armenian community.

Opposition Stance on Draft Constitution Viewed

AU1406123495 Tbilisi REZONANSI in Georgian 8-9 Jun 95 p 1

[Unattributed report: "CIS, Bases, Constitution...."]

[FBIS Translated Text] The sessions of the Constitutional Commission that have been held recently in the Parliament assembly hall have seemed feeble compared with the battles in Parliament. On average only around 20-30 commission members have been in attendance. Certain parliamentary factions have not been represented at all. How can one explain the fact that certain political forces have remained on the sidelines during discussion of such an important issue?

This draft constitution [drawn up by Shevardnadze] has other opponents apart from Jaba Ioseliani [former chief negotiator at talks on settlement of Abkhazian-Georgian conflict, founder of recently disarmed "Mkhedrioni" paramilitary group, board member of "Archevani" society] and [National Independence Party Leader] Irakli Tsereteli. These are the National-Democratic Party [NDP], the Union of Traditionalists, the Republicans (who have their own draft constitution), and the remaining opposition parties with the exception of

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the Christian-Democrats. In spite of such unanimity on the part of the opposition, it is only Tsereteli and Ioseliani who are, at the moment, stepping up their activities. It would be naive to think that the NDP, the Traditionalists, or the Republicans do not want to stand alongside these two figures and that this is the sole reason why they are not aggravating the situation. Simply, they understand very well that Parliament, at this stage, is not able to adopt the Constitution and an endless debate on the question of the structure of the state could also torpedo the future parliamentary elections. Therefore, the opposition will probably try to force the head of state to adopt several basic laws on whose basis parliamentary and not (as some suppose) presidential elections will be held.

It cannot be excluded that Shevardnadze will wreck the opposition's plans in one fell swoop and will get the people to adopt the Constitution through a referendum. Moreover, the head of state himself has spoken about holding a referendum, which has not met with the approval of those members of the Constitutional Commission attending the sessions.

Parliament has to set a date for the future elections by 4 July. The opposing political forces hold unequal positions. The Russian authorities, to put it mildly, welcome Shevardnadze's model of the structure of the state. Thus, it should not be difficult to guess how events will develop if we recall how we joined the CIS and how we gave the Russians military bases.

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Estonia

OSCE Extends Mandate of Estonian Mission

LD1406213695 Tallinn Radio Tallinn Network in Estonian 1400 GMT 14 Jun 95

[FBIS Translated Text] The standing council of the Organization for Security and Cooperation in Europe [OSCE] extended at its session yesterday the OSCE mission's mandate in Estonia up until 31 December. This has been reported by the Foreign Ministry's press service. This decision was preceded by a discussion of the results of the visit to Tallinn by (Isztvan Gyarmati), a special envoy of the OSCE presidency. According to the results, the mission's mandate hitherto, on creating stability and a dialogue between different communities, has been fulfilled to a large extent, and according to the mandate, in the future the mission will be paying more attention to the ultimate hand over of its tasks to the local institutions and organizations.

Sinijarv Addresses EFTA Ministers' Round Table

LD1406204495 Tallinn Radio Tallinn Network in Estonian 1300 GMT 14 Jun 95

[FBIS Translated Text] Speaking at a round table meeting of the European Free Trade Association [EFTA] ministers in Bergen, Estonian Foreign Minister Riivo Sinijarv said that one of the main goals of Estonia's foreign policy was to integrate in European structures. Sinijarv told the meeting on integration of the European economy that economic integration has also an aspect that concerns state security. He added that every dollar invested in Estonia is at the same time a dollar spent on security of the state.

Sinijarv thanked these EFTA countries which were first to conclude bilateral free trade agreements with Estonia and thereby made it possible for Estonian goods to reach the world market. He welcomed the proposal to conclude multilateral free trade agreement between the EFTA states and Estonia. Sinijarv hoped that the agreement would be signed in the near future.

Russian Duma Delegation Holds News Conference

LD1406220195 Tallinn Estonian Television Network in Russian 1545 GMT 14 Jun 95

[FBIS Translated Excerpt] The three-day visit to Estonia by the Russian State Duma delegation is about to end. The Russian members of parliament met Estonian President Lennart Meri, Prime Minister Tiit Vahi, Parliamentary Speaker Toomas Savi, Russian faction members in the Riigikogu, and visited Paldiski. Today the visitors gave a final news conference.

[Begin recording] [Unidentified correspondent] Did the deputies' attitude to Estonia change at all after this visit?

[Unidentified deputy] Of course it changed. It changed in the direction of a greater understanding of what is taking place. The information we received here alters the picture. Because as you recall, two days ago when we met, Estonia is seen from Russia in a terrible light [as heard]. The mass media discussing Estonia describe only what is bad, about restrictions, about everything being bad here, about everything being impossible, and so on, and that masses of people leave Estonia for Russia; they flee. Now we have seen the situation from the inside, and see that it is not as as it is painted by the mass media in Russia.

[Second unidentified deputy] After this visit, we are even more convinced that the documents on social guarantees to [Russian] military pensioners must be ratified as well as... [pauses] [both men speak briefly simultaneously] the agreement on the troop withdrawal. [passage omitted] [end recording]

French President Supports Estonian EU Membership

LD1406225495 Tallinn Radio Tallinn Network in Russian 0900 GMT 14 Jun 95

[FBIS Translated Excerpt] French President Jacques Chirac assures Estonian President Lennart Meri in a letter handed over on 13 June that Estonia may count on French support for EU membership. The Estonian president's press secretary reported that Jacques Chirac notes in his letter that the signing of the association agreement between Estonia and the EU on 12 June serves as an important step towards bringing Estonia closer to Europe. President Jacques Chirac's letter was handed over to President Meri yesterday by the French ambassador to Estonia, Jacques Faure. [passage omitted]

Premier Vahi Lists Economic Priorities

WS1406143095 Tallinn BNS in English 1300 GMT 14 Jun 95

[FBIS Transcribed Text] Tallinn, Jun 14, BNS — Estonian Prime Minister Tiit Vahi repeated on Wednesday [14 June] that a stable currency, balanced budget and continuation of a liberal trade and economic policy remained priorities of his Cabinet's economic policy line.

Speaking at a conference on the economic policy of the Estonian state and big companies for the years 1995-2000, Vahi said it was high time to put brakes on inflation.

He said the government's target was to keep inflation under 25 percent this year. He expressed hope that inflation could be curbed to half of this year's figure in 1996.

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The government is also following a strict budget policy. There will be no supplementary budget this year, Vahi said.

He said the practice so far of supplementary budgets being drawn up each year only demonstrated shortcomings in financial planning, which in turn prompted governmental departments to overlook the duty of exact planning of their spending.

The government's priority in work with the budget is to make collection of taxes more effective, mainly through better work of the customs and tax departments.

Vahi also said the country's tax system had to become more stable.

The signing of an association agreement Monday between Estonia and the European Union improves investment climate here, the prime minister said. At the same time the country itself must create better conditions for investment so that commercial banks would keep their money in Estonia rather than in Germany or Sweden.

But there will be no restrictions to the movement of capital, Vahi said.

Another matter of prime importance is land reform. Banks cannot provide mortgage loans on land when only two percent of land in Estonia is in private ownership, he said.

The government is to promote investment above all in the manufacturing and service sectors, transport, trade and construction, Vahi said.

Latvia

Birkavs Discusses Gas Supplies With Norwegians

LD1406200495 Moscow INTERFAX in English 1423 GMT 14 Jun 95

[FBIS Transcribed Text] RIGA, June 14 (INTERFAX) — During a working visit to Norway on June 13 and 14, Latvia's Foreign Minister Valdis Birkavs met with that country's officials to discuss the possibility of Norwegian gas supplies to the three Baltic states.

He told a press conference on Tuesday [13 June] evening, summing up the results of his visit, that "the implementation of this project will make Latvia, Lithuania and Estonia less dependent on Russia. He therefore said that "this project is of great political importance."

Norwegian officials assured Birkavs that the construction of gas-supply facilities might be completed in about four years, depending on the terms of financing.

Norwegian Gas Will Reduce Russian Dependence

LD1406224395 Moscow INTERFAX in English 1720 GMT 14 Jun 95

[From the "Diplomatic Panorama" feature: by Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov]

[FBIS Transcribed Text] RIGA, June 14 (INTERFAX) — The supplies of Norwegian gas to the Baltic countries - Latvia, Estonia and Lithuania - will ease their dependence on gas supplies from Russia. "This is precisely why the project has particular political significance", the Latvian Foreign Minister Valdis Birkavs has said. He was speaking at a news conference following his working visit to Norway where he discussed the possibility of such supplies.

"According to Norwegian officials the facilities required for Norwegian gas supplies to Latvia, Lithuania and Estonia may take three to four years to build", Birkavs said.

New Minister Samite Views Financial Crisis

954F2506A Riga DIYENA in Russian 27 May 95 p 3

[Interview with Indra Samite, minister of finance, by Anita Smolenska, DIYENA correspondent; place and date not given: "It Seemed to Me That This Was An Interesting Job"]

[FBIS Translated Text] [Smolenska]To assume the duty of minister during such an intense financial crisis, obviously, is not the most pleasant occupation. Why did you agree to become the minister—for self-affirmation, at the request of the party, or were there some other reasons?

[Samite] To a certain degree it is natural, inasmuch as I have already worked in the ministry for some time. It seemed to me that this was an interesting job. Every problem has its own solution— how to approach it, to "break it down into its parts," and to think up a solution. Yes, I think that the situation is serious, but in any event not hopeless. And if it is not hopeless, then a way out can always be found.

[Smolenska] What are your proposals for overcoming the budget crisis?

[Samite] It is necessary to investigate the possibility of cutting expenses—at the present time this is the first and most serious task. Deputy State Secretary Inguna Sudraba is actively working on this now—this is technical work with all of the ministries; therefore, I am awaiting proposals from her. It is not at all the case that I will just sit down and say: Cut these and cut those. This will become clear during negotiations. There are articles

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and expenditures that it is impossible "to cut" under any circumstances. In any case, payments, for example, for pensions and wages, will be made.

[Smolenska] Reductions in what expenditures are most practicable?

[Samite] It is still impossible to say this now.

[Smolenska] Was the credit of the Bank of Latvia of 20 million to overcome the crisis of the state budget that support which the government expected to receive from Einars Repse, and because of which the Latviyas Tselsh [Latvian Way] did not rush to support his further stay in the post of president of the Bank of Latvia?

[Samite] Oh, no. I think that these things are absolutely incorrectly tied together. The Ministry of Finance and the BL [Bank of Latvia] worked earnestly on monetary policy, and we have a common position on questions of reducing inflation and stabilizing the lat. But the moment comes when a crisis occurs without the conscious fault of one or another side. Then nothing else is left except for both sides to take joint steps to overcome it. The Bank of Latvia, after all, does not exist by itself, it is a part of the state, and when an extremely serious situation developed, they took the necessary steps under these circumstances. It would have made no sense, if they had stepped aside, folded their arms, and said: "We have our own strict policy, and we will not help you." Then their strict policy would have fallen apart. I think that there was a very successful process of mutual negotiations. These steps were not taken independently of the IMF, under whose well-known control we live. We have consulted with it, and they say, of course, you will not object to observing the stipulated criteria; however,we understand very well why the Bank of Latvia has to agree to this.

[Smolenska] Was it not necessary for the government to persuade Repse?

[Samite] No, the question is not that they tried to persuade him. Starting with the middle of last week, we talked a lot with Mr. Repse. I think that our request was not a surprise to him. The possibility of such credit was discussed earlier also, but we officially submitted the request to him yesterday. This was a very serious step—the government cannot take such steps every day, and this should be understood.

[Smolenska] Is an increase in taxes possible?

[Samite] We discussed this. This is also a very serious step, but it does not always solve problems. I think that the problem is not that taxes are too low. The Income Service has to be put in order—so that those who are supposed to pay taxes pay them.

[Smolenska] When will the names of the directors of the State Income Service and the Customs Service become known?

[Samite] Officially the competition is ended; there are several candidates for the first and second positions. I have not yet had the honor of talking with them; a meeting has been planned for the start of next week.

[Smolenska] Will the post of state minister on questions of foreign resources be continued?

[Samite] No, this post is not now envisioned. I think that sufficient clarity has been introduced in the sphere of foreign credits. We have a state program of investments, and credits will be issued only within its framework. This matter has become more purposeful.

[Smolenska] Is the use of foreign credits to finance the budget or the Baltiya Bank possible?

[Samite] It is very difficult to talk about this now. To take on debt means to take on debt. Regardless of whether we are taking debt abroad or inside the country. It is quite possible that it will be cheaper to use foreign credits than state debt obligations, and the department of the state treasury is not conducting such calculations. In the case of foreign credits, we would be able to reduce the sum being paid as interest; therefore, this would be a more efficient form of credit. It is not a question of increasing the foreign debt with the purpose of financing the budget, but of the purposeful use of other sources of financing. This is possible, but only in this framework.

[Smolenska] The experts are saying that one of the reasons for the budget crisis is that all of the money is being used for consumption, and not for development. Therefore, there is nothing from which to collect taxes. Will the opportunity appear this year to invest resources in development?

[Samite] This is a budget question. I hope very much that there will be such an opportunity, and I will support investment.

[Smolenska] How much is the treasury short now?

[Samite] To guarantee the necessary payments, we have now taken credit for 30 million lats, and debt obligations have been issued for 25 million lats.

[Smolenska] How did the budget and bank crisis affect you personally? Was your salary delayed, and was any kind of a deposit investment left in an insolvent bank?

[Samite] I do not take my salary out on time, and therefore, I do not know when the money arrived. I live economically. I have placed money in the Baltiya Bank for my parents. The outcome now is that the money is still there.

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New Baltiya Bank President Interviewed

954F2506B Riga DIYENA in Russian 27 May 95 p 1

[Article by Anita Smolenska, Riga: "Credits of the Baltiya Bank: How Much Will Be Returned Is Unknown"]

[FBIS Translated Text] The new managers of the Baltiya Bank (BB) will make every effort so that the bank would be able to resume its activity and not have to liquidate, Uldis Klauss, the new Baltiya Bank president, told journalists today. U. Klauss named the credit portfolio of the bank as the biggest problem, about which the current leadership of the bank and the auditors have very little information.

In unofficial conversations, experts are expressing themselves very skeptically about the possibility of resuming the activity of the Baltiya Bank. There are also discussions in government circles about the possibility of declaring the bank insolvent, with the payment of a certain sum to depositors. As is known, the shortage in Baltiya Bank at the present time is estimated at 58-196 million lats. However, U. Klauss said at the news conference: "We do not have the slightest desire or interest in any way whatever to destroy or to close the bank. If there is only an opportunity, we want to continue the activity of the bank." He expressed the hope that the opening of the bank will be a question of several days, and not months.

The president of the Baltiya Bank said that the new managers of the bank started to take over the Baltiya Bank as early as the Thursday evening after the signing of the agreement, and this work continued on Friday. As is known, on the instructions of Einars Repse, president of the Bank of Latvia, the observation council and the directors' council of the Baltiya Bank were eliminated, but the remaining personnel are continuing to work. U. Klauss gave instructions to the directors of branches to continue to work and to ensure the security of the branches. In addition to U. Klauss, six other persons from the Bank of Latvia, and also experts from the auditing firms of Coopers & Lybrand and Arthur Andersen are working in the Baltiya Bank. Employees of the Baltiya Bank will also be involved, U. Klauss said.

The obligations of the Baltiya Bank are more or less clear at present, but there is no information on what their settlement is; therefore, the biggest work lies ahead on the estimate of the credit portfolio. U. Klauss said, "Yesterday Mr. Lavent (Aleksandr Lavent—the former chairman of the observation council of the Baltiya Bank—A. S.) expressed himself so beautifully: If we had the very same great opportunities in the credit extension department that we have in attracting deposits, then we, very likely, would become the first bank of Europe." He cannot say at the present time how many bad credits and how many loans joint-stock enterprises have. It is known that many of the credits were issued to foreigners, including to firms registered in offshore zones, about which there is very little information. U. Klauss said that it will be necessary to rely to a significant degree on the assistance of A. Lavent, who knows his clients.

As is known, there were many state budget accounts in Baltiya Bank. DIYENA has information that they were transferred to other banks in a timely way; therefore, the Baltiya Bank will not create a problem for state budget payments.

*Organized Crime, Official Corruption Viewed

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[Article by Tapani Makinen: "Resigning Head of Estonian Police: Organized Crime Has a Grip at a High Level"]

[FBIS Translated Text] The founding session of the Finnish-Estonian Business Leaders Club took a dramatic turn when one of the founding members, Herman Simm, head of the national police force, announced that he was leaving office the following day.

The official reason for Simm's resignation was the acceptance of responsibility for events in which police who were investigating organized crime shot a young mother by accident. Many people believe that the official explanation offered for the resignation is only a pretext, because the popular Simm was able to warn the parties before the elections about the financing that was flowing to the parties from organized crime through apparently respectable channels.

"After the elections it can be said that organized crime is involved on the highest level, and if the process continues, organized crime will only continue to rise. I have tried to prevent this," Simm said.

The Level of Police Training Is Inadequate

After listening to Simm one understands the difficulties the Estonian police have in their struggle against organized crime. "The criminals have the best lawyers at their disposal and are confronted by poorly trained police. Questions of guilt are clear in advance."

There are 5,900 policemen in Estonia, somewhat fewer per capita than the European average. "If the training level were sufficiently high, the number would be adequate," Simm stated.

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The average police training lasts three to nine months in Estonia. In addition to these trained police officers, the streets are also patrolled by auxiliary police and, after the summer's changes in the laws, possibly by home guard troops as well.

Patrolling is not very easy to organize in Estonia, however, because, for example, the police do not have proper radios at their disposal, and no appropriations for them have made their appearance in the tight state budgets in recent years.

A Large Share of Crimes Remain Unsolved

All of this is reflected in the crime investigation statistics. The police have been able to solve over 60 percent of the murders and serious acts of violence, but only about 13 percent of other crimes.

In Narva it was possible to solve only 6 percent of the crimes in the first quarter. In the districts of Harju and Tallinn the figure was 9.5 percent. "These are not normal percentages. The criminal is caught only when he fails to make a getaway."

Organized crime and phenomena associated with it continue to be one of the main focuses of the Estonian police. Organized crime engages in alcohol smuggling, metal theft, timber theft, prostitution, slot machines, bank robberies, and auto theft.

Operations against organized crime in Estonia has also brought various agencies together. The police operate in cooperation with the Ministry of Finance, tax officials, border guards, and customs.

"We have attempted to follow events and clarify what happens when the police seize a stolen car or liquor shipment, why the cases do not go to court, why there are no results. Then we have tried to clarify the need for changes in administration and legislation."

Liquor Smuggling Is Large-Scale Operation

If Simm can be believed, alcohol smuggling in Estonia is really big business. He says that experts estimate that every month 40-45 containers of smuggled alcohol come into Estonia. Each container holds over 16,000 bottles.

The procedures for smuggling liquor are developing all the time. In the latest caper, 90-95 percent alcohol to which about 1 percent flavoring was added was imported into the country in one-third liter bottles. An effort was made to import it as food extracts. The commodity was imported completely openly into Estonia. Now alcohol taxes are beginning to be levied on these extracts.

Simm also considers timber theft to be a big problem. He estimates that 40 percent of the wood is stolen. It is sold to Finland, Sweden, Denmark, and Germany, among others. Simm believes that improving the regulations and beefing up the police force have changed the situation to some extent, but not very much.

In metal theft the worst year in Estonia was 1993. Last year things seemed to be getting better, but rising world market prices at the beginning of this year have spurred the metal thieves into action again.

In Posti-Tele's Estonian joint venture, cable thieves have been a nuisance. They have searched for copper electric lines and dug them out of the ground, hampering the company's operations. According to Simm, metal theft rose by over 700 percent over last year in the first half of this year.

In Estonia metal is purchased by a monopoly enterprise owned by the state. "It is true that we have a list of the sellers, but the metal is sold through several intermediaries. There is not a lot of significance in these lists."

Relief Is Anticipated in Auto Thefts

Auto theft has been a difficult problem for the Estonian police primarily because of the fact that they have authority only in cases in which the theft is committed in Estonia. When the Estonian police find a stole car that is on the Interpol list, it has no authority to act. The law does not authorize the Estonian police to seize a car that was stolen abroad. The police have done this and been taken to court. At present two cases are awaiting a preliminary judgment in Estonia's highest court. In both cases the police have lost in the two lower courts, and they face the threat of hundreds of thousands of markkaa in damage claims.

At present Estonia and Finland are negotiating an agreement on crime prevention, and Simm believes that the agreement can be completed by the middle of this year. Then the situation would change. "If such an agreement is not implemented, then the struggle against auto theft will become impossible."

There is a lot of money involved in prostitution and slot machines, but the police are unable to get a grip on either one easily. For example, the legislation covering prostitution is too vague, according to Simm.

Bank operations in Estonia are linked to many crimes. The recipients of credit may be post office box companies, or the loans may be obviously bad for the banks in some other way. "It is very difficult to say whether these loans are issued properly or not. Many banks have gone bankrupt because of these loans."

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Organized crime collects information from banks by threats and extortion. "Women employees are threatened directly with the life of their young children if they do not provide the desired information. For the police, however, bank crime is still virgin territory."

In Estonia about a dozen police officers, who with a few exceptions have very little previous experience, are assigned primarily to investigate economic crimes.

The Police No Longer Know Russian

The lack of language skills is a complex problem for the Estonian police. A lot of training is offered for senior officers in various European countries, but this training cannot be utilized because of a lack of language skills. In the city of Narva out of 300 police officers only 10 speak Estonian. "Of course we are striving all the time to arrange Estonian instruction for Russian speakers."

A new, surprising problem has arisen, however, according to Simm, since the knowledge of Russian has been fading among the Estonian police. "Organized crime operates almost completely in Russian. The lack of knowledge of Russian hampers investigations," Simm admits.

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